Austria Sch 18	Indonesia Rp 7500	Portugal Esc 75
Bahrain Din 0.650	Italy L 1100	S. Arabia Rls 6.00
Belgium BFr 38	Japan Y550	Singapore S$4.10
Canada C$2.00	Jordan Fils 500	Spain Pta 100
Cyprus C£0.60	Kuwait Fils 500	Sri Lanka Rup 30
Denmark Dkr 7.25	Lebanon L£ 8.00	Sweden Skr 6.50
Egypt	Luxembourg LFr 38	Switzerland Fr 2.00
Finland Fmk 5.50	Malaysia Rgt 4.25	Taiwan NT $45
France Fr 6.00	Mexico Pes 300	Tunisia Din 0.600
Germany DM 2.20	Morocco Dh 6.00	Turkey L 160
Greece Dr 60	Netherlands Fl 2.50	UAE Dh 6.50
Hong Kong HK$12	Norway Kr 6.50	USA $1.50
India Rup 15	Philippines Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,257 Monday February 27 1984 D 8523 B

Why McGrath shut the door on a U.S. steel merger, Page 15

NEWS SUMMARY

GENERAL

S. Africa may ease apartheid laws

South Africa's Government has accepted in principle a recommendation that will ease apartheid, its policy of racial discrimination, by opening defined central business districts for trading to members of all racial groups.

This proposal is made in the Strydom Commission report on the Group Areas Act which will be tabled in parliament in Cape Town this week.

The commission also recommends some further desegregation, including cinemas and public transport. The Government has some reservations. Page 16

Iran-Iraq war claims

Iran and Iraq have, as usual, issued different versions of what has happened in Iran's latest major attack. Iran says its new attack has wiped out much of Iraq's 19th infantry division, killing 7,000 Iraqis. Iraq says *it has repulsed the latest Iranian attack*, and that more than 14,500 enemy troops had been killed in five days.

Swapo breach claim

South African and Angolan officials have been meeting to discuss Pretoria complaints that Swapo guerrillas have broken the ceasefire in Namibia. Page 5

New Egypt plot trial

Egypt is putting 176 people on trial this week on charges of plotting to overthrow the Government. A similar trial of another 281 Islamic fundamentalists is nearing its close.

Polisario stays away

Polisario, the Saharan independence movement that is fighting Morocco, will remain absent from the today's opening in Addis Ababa of a meeting of the Organisation of African Unity, whose recent conferences have failed because of disagreement over Polisario's admission.

Bonn news ban

West German Government ordered a blackout on news of East bloc asylum seekers after reports that a niece of East German Premier Willy Stoph was sheltering in the West German embassy in Prague. Page 2

Boycott weakened

Another Philippines opposition party, FDP-Laban, decided to drop out of a proposed boycott and take part in coming national assembly elections.

Pakistan security

Iron rod fences more than 9 ft (2.74m) high, topped with barbed wire, have been erected at Pakistan's national stadium in Karachi to protect the Pakistan-England cricket series from anti-government student protesters.

Australian switch

Friendly warships visiting Australian ports will no longer have to declare whether they are carrying nuclear weapons, under new policy guidelines. Page 3

Gas warfare claim

Pakistan state television said Soviet helicopters had again been using gas shells to flush out Afghan rebels from mountain hideouts after artillery and tanks had failed to dislodge them.

Colombian curfew

North-east Colombia town Abrego was put under curfew, and alcohol sales banned, following seven political killings last week.

Record drought over

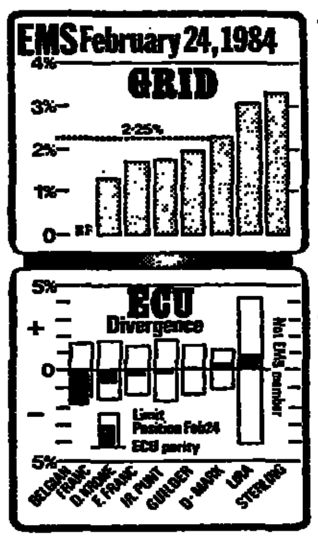
Thunderstorms ended a record 319-day drought in Bahrain. More rain is forecast.

BUSINESS

Orders up in West Germany and UK

WEST GERMAN industrialists are more optimistic about business prospects in the coming months, and report improved orders, as do UK companies in a Confederation of British Industry survey Page 16

THE BELGIAN franc's position in the European Monetary System caused further concern last week,



and the national bank continued to give support as its currency hovered around the lowest permitted level against the D-Mark.

Belgian Treasury bill rates were increased for the second week running, in an attempt to provide some assistance, but the discount rate was held at 11 per cent after the previous week's 1 per cent rise.

Speculation against the currency was indicated by a widening of the gap between the convertible and financial francs.

Although the French franc was fairly steady a sharp rise in Euro-franc interest rates may have been an early sign of nervousness about the franc's ability to keep pace with the strong D-Mark.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

SPAIN'S chief negotiator with the EEC, Manuel Marin, said some proposed Community restrictions on Spanish farm produce, particularly fruit and vegetables, were excessive.

U.S. SECURITIES and Exchange Commission, investigating alleged insider trading, can examine two former bank employees who were based in London, the High Court in London ruled. Page 16

BRITISH ATLANTIC Airways, a new company, wants to offer Gatwick, London-Newark, New Jersey, flights for £99 ($146) single, in late June, rising to £119 from July 1. Page 12

SOHIO, the U.S. oil group in which British Petroleum has a majority stake, is pulling out of the $2.52bn Paraho-Ute oil shale project in Utah. Page 18

AMERICAN HONDA plans to sell a new luxury car from the Japanese car company to the North American market by setting up a separate dealer network. Page 4

FOKKER, the Dutch aerospace group, hopes to persuade Japanese industry to participate in the building of two new airliners. Page 4

IRELAND'S attempt to renegotiate terms of a $500m credit signed in June has brought an angry reaction on the Eurocredit market. Page 17

GATT council will meet in Geneva tomorrow at U.S. request, but is unlikely to condemn EEC retaliatory measures against U.S. tariffs on speciality steel imports. Page 4

U.S. Export-Import Bank will consider tomorrow its first mixed credit transactions since Congress allowed them last year. Page 4

SALVO OF SHELLS MARKS WITHDRAWAL

U.S. shifts focus from Lebanon as marines leave

BY PATRICK COCKBURN IN BEIRUT

The U.S. marine contingent to the multinational force left Beirut yesterday in a major bid by President Ronald Reagan to shift Lebanon from the centre stage of Washington's Middle East policy.

An hour after the last combat company of U.S. soldiers in Lebanon left their deep bunkers for the safety of the Sixth Fleet the battleship New Jersey opened fire with *its 16-inch guns at Syrian and* Druze position in the mountains which ring Beirut.

The naval bombardment was in response to anti-aircraft fire directed at U.S. reconnaissance planes circling high overhead.

Although the U.S. insists that the relocation of its marines offshore does not diminish *its* support for President Amin Gemayel, the evacuation of the symbolic force of marines yesterday is seen in Beirut as the end of an era in U.S. policy in Lebanon.

Washington no longer views the future of the country or its president as a strategic priority and wishes to see the Lebanese crisis disappear to the sidelines, say diplomats.

The marines' commander, Gen James Joy, told journalists: "Obviously (our mission) was not as much a success as we had hoped."

"The marines are going and will never return," said a gunman belonging to Amal, the Shia Moslem paramilitary movement, as he stood with his Kalashnikov assault rifle close by the marine base.

It was the takeover of West Beirut by Amal three weeks ago which precipitated President Reagan's decision to withdraw in the U.S. forces.

The evacuation proceeded smoothly during the weekend. The 155mm heavy artillery moved out on Saturday and the three companies of combat infantry started leaving at dawn yesterday. Some of the marines whooped for joy, made "V" for victory signs and fired flares into the air as they left.

Shia and Druze militiamen surrounding the marine base kept in the background until the last moment, but three minutes after the *last marine had left the beach-head* a squad of Amal gunmen were taking over their positions and after six minutes the green, red and black Amal flag had replaced the stars and stripes.

The dissatisfaction of Christian militiamen in East Beirut at the departure of the marines, whom they saw as allies against the Moslem opposition, was marked by a salvo of shells fired into West Beirut just as the evacuation ended.

The marines were politically the most important part of the four-nation multinational force sent to Beirut in 1982 after the massacre of 900 Palestinians by Christian militiamen. *The force, whose 5,400 men in*cluded a small British detachment, had the ambiguous role of peace keepers and military allies of the Gemayel Government.

Italian and British troops have already left, leaving only the French to keep open the one-lane road linking Christian East Beirut to Moslem West Beirut.

The main U.S. base, in contrast to the strongpoint on the seashore, has been taken over by regular soldiers belonging to the Lebanese armys Sixth Brigade. It was this unit *which mutinied and joined* President Gemayel's opponents at the start of the month.

Entry to the massive fortifications abandoned by the marines was barred yesterday by a Lebanese officer wielding a golf club. In one corner of the base are the crumpled remains of two yellow airport buses destroyed by the suicide lorry

Continued on Page 16

End of an era, Page 3

Lorry drivers continue Brenner Pass blockade

BY JONATHAN CARR IN BONN

MORE THAN 1,000 lorry drivers kept up their blockade on the Austro-German side of the Brenner Pass to Italy at the weekend, despite rising economic losses and promises from Rome of speedier customs clearance.

The drivers, who have complained for years of bureaucratic delay by Italian officials on the Brenner Pass, said they were not satisfied by Rome's pledge on Saturday to deploy more customs personnel. The Italian Cabinet decided to increase the number of customs men by 850 to a total of 5,050.

Encouraged by the apparent concessions wring by their French colleagues form the French Government, the drivers from Austria, West Germany, Italy, Sweden, Denmark and Holland want, among other things, an Italian commitment to customs clearance on the Brenner around the clock. The drivers will decide tomorrow whether to maintain their blockade of the Brenner Pass.

Herr Franz Josef Strauss, the Bavarian Prime Minister toured the German-Austrian border, where a 20km lorry queue had formed, at the weekend and complained about "intolerable conditions".

Without supporting the blockade he none the less has sent messages to Sig Sandro Pertini, the Italian President and Prime Minister Sig Bettino Craxi, calling for firm guarantees of quicker customs clearance.

Bavaria is particularly badly hit by the blockade because of its big export trade with Italy in perishable farm products, worth about DM 3.5bn ($1.3bn) a year.

As a Bavarian police spokesman noted, the contents of the dozens of milk transporters stuck on the autobahn to the Brenner Pass is now about as sour as the lorry drivers themselves.

The Brenner is the major pass for goods transport between north and south Europe. The West Germans are its biggest users, about half the 3,000 lorries which on average cross the pass daily are West German.

It is estimated that the blockade is costing West German transport companies around DM 1m a day. But the West Germans also calculate that the slowness of customs clearance on the Brenner under "normal" circumstances brings losses of around DM 100m annually.

Swiss to tax foreign trucks, Page 2

Bonn and London may give way on EEC technology fund

BY PAUL CHEESERIGHT IN BRUSSELS

THE BRITISH and West German Governments are on the verge of *dropping their opposition to the* launch of an Ecu 1.4bn ($1.18bn) EEC programme to break U.S. and Japanese domination of the information technology sector.

Their decisions depend crucially on the ability of the European Commission to assure them at a Council of Research Ministers in Brussels tomorrow that financing can be secured from 1985 onwards.

Ministerial meetings were being held in London and Bonn at the end of last week to define the positions of both governments on the basis that the programme is an EEC priority, *but that spending on it has to* be seen within the EEC's overall budgetary constraint.

The programme is the European Strategic Programme for Research and Development in Information Technology (Esprit).

Esprit is designed as a joint EEC-private sector initiative to foster research projects on a co-operative basis across national boundaries. It would last from 1984 to 1988. Projects would be undertaken by the private sector within a framework drawn up by the Commission and the Ten.

Those undertaking the projects would meet half the cost. The EEC would fund the balance, so there would be a charge on the budget of Ecu 700m over five years.

The future of the Programme has been in doubt ever since the failure of the Athens EEC summit in December. It was hoped that Esprit would be one of several new policies designed to reinvigorate the EEC. It would be launched on the back of EEC budgetary reform, benefiting either from funds liberated from agriculture or from new resources made available to the EEC by the Ten.

Both West Germany and the UK broadly agree that if Esprit is to go ahead, it needs assurances of financing for the five years. If spending has to be within the framework of existing budgetary plans then other research initiatives will have to be dropped.

The Commission has told the Ten that Ecu 105m can be made available for 1985. From then onwards the situation is more fluid, because the accession of Spain and Portugal to the EEC could have unpredictable budgetary effects.

The focus of British and West German attention has narrowed to 1985 spending. If the Commission can produce details of where the money can be found then, diplomats say, London and Bonn will let the programme start.

The main running on the financing question has been made by West Germany, with the UK standing in its lee because divisions about Esprit in Whitehall have hitherto prevented the definition of more than a holding policy.

Ambrosiano may sell Swiss bank stake to Japanese

By Alan Friedman in Milan and Terry Povey in Tokyo

JAPANESE BANKS, including Sumitomo Bank, the country's fourth largest, are understood to be interested in acquiring the majority stake held by Banco Ambrosiano Holding (BAH) Luxembourg in the Lugano-based Banca del Gottardo.

Sale of the stake, from which proceeds are likely to be more than $120m, is expected to be completed in the next few days. BAH is the main overseas arm of the late Sig Roberto Calvi's Banco Ambrosiano, and the sale will form part of the overall settlement of the Ambrosiano affair.

On Friday the Swiss Federal banking authorities lifted restrictions that effectively prevented Japanese banks from opening new branches or subsidiaries in Switzerland. If a Japanese bank succeeded in buying control of Gottardo it is believed this would be the first case of a European bank passing into Japanese control.

The Swiss market has been important for Japanese companies, particularly for the issuing of private convertible bonds. If a Japanese bank controlled Gottardo it would be able to act as an underwriter in these issues.

The managers of BAH, meanwhile, have received an extension until late May of their court-appointed administrative control. The extension, which is the second, will pave the way for sale of the Gottardo stake.

Telexes containing details of the final Ambrosiano settlement are set to be dispatched to 120 creditor banks next week. The delay is attributable in part to legal and technical details relating to the liquidation of BAH and other matters, among them the forthcoming sale of Credito Varesino, the Lombardy regional bank controlled by the Nuovo Banco Ambrosiano Group.

The majority stake in Credito Varesino, which is held by Nuovo Ambrosiano's La Centrale subsidiary, is likely to be sold for more than L150bn ($91m). Before the sale is completed, however, the parties to the Ambrosiano settlement may wish to deal with the question set up by the late Roberto Calvi. The issue of these deposits needs to be cleared up in conjunction with the sale of Credito Varesino.

Pininfarina to make Cadillac bodies for GM

BY OUR MILAN CORRESPONDENT

CADILLAC, General Motors' luxury car division, is to spend more than $600m buying 40,000 car bodies from the Turin-based Pininfarina group. Italy's leading automotive designer.

Pininfarina said yesterday that it would build and ship by special jumbo jet 8,000 Cadillac sedan bodies a year between 1986 and 1991. The Italian design group, which already supplies parts to Ferrari, Fiat and Alfa Romeo, said the L1,000bn ($606m) contract would double its turnover.

The agreement is being hailed in *Italy as another major breakthrough* for Italian design and manufacture on the world market, after December's global accord between Olivetti, the office automation giant, and American Telephone and Telegraph (AT&T).

Sig Sergio Pininfarina, the company's president, *said that a jumbo* jet would leave Turin's Caselle airport every other day to speed the Cadillac bodies to Detroit, where the cars are to be assembled.

Sig Pininfarina, who is also president of the Piedmont Industrial Association, declined to provide details about the new Cadillac body, saying that under the accord these were "top secret." He said, however that the agreement was a sign that Europe's motor industry was emerging from its troubles.

Pininfarina, which employs 1,700, last year recorded group turnover of L130bn and net profits of L2bn. The Cadillac contract, stretching over five years, could more than double its turnover.

A spokesman *for Pininfarina said* that this was the company's most important contract ever. The designer at present purchases mechanical components for the Fiat 124 Spider and exports several thousand assembled cars to the United States each year. It has built car bodies for France's Peugeot for more than 30 years and provides parts to Ferrari and Alfa Romeo.

The idea of flying Cadillac bodies from Turin has raised eyebrows as it is much more costly than sea shipment and could put a severe strain on Piedmont's regional airport. It is believed, however, that this element of the deal is designed to ensure the bodies arrive in perfect condition for assembly in Detroit.

General Motors technicals are understood to have completed a detailed inspection of the Turin airport several weeks ago and have made recommendations about possible needed improvements.

Renault to inject $65m into AMC

BY TERRY DODSWORTH IN NEW YORK

RENAULT, the state-owned French motor group, is to inject around $65m into American Motors (AMC) in the U.S. to help to fund an ambitious $1.8bn model development programme over the next five years.

The French company is providing *the funds as part of a $140m capital*-raising exercise announced at the weekend.

Renault has agreed to take up 11.1m shares of a total issue of 24m new shares, which enables it to retain its 46 per cent stake in American Motors.

Of the rest of the issue, 10m shares will be offered to the public, and the balance will go to its domestic employee pension fund.

American Motors is raising this new finance within days of announcing its first quarterly profit since early 1980.

Although it made a net loss of $147m for the whole of 1983, it generated a small $7.4m net in the final quarter, and Mr Jean-Marc Lepeu, vice-president of finance, said that the company is forecasting profits for the whole of the current year.

Sales are also expected to rise sharply this year, going up from $3.3bn to $4.4bn, partly because the company will have a full year's sales from its new Jeep range introduced in autumn last year.

Mr Lepeu said the company's model development plans were aimed at introducing several new cars over the period up to 1988, with the object of considerably enlarging the coverage of the market.

By the end of this period, AMC intends to compete in around 55 per cent of the different market segments in the U.S. passenger car market. It is also expanding the

Continued on Page 16

CONTENTS

OVERSEAS NEWS

Spanish Socialists gain strongly in Basque poll

BY DAVID WHITE IN MADRID

SPAIN'S ruling Socialist Party has scored unexpectedly strong electoral gains in the troubled Basque country, preventing the Basque Nationalist Party (PNV) from keeping a working majority in the regional parliament, according to early ballot results last night.

The first results also showed a decline in support for Herri Batasuna (Popular Unity), in apparent repudiation of the continuing campaign of violence by Eta, the terrorist organisation that backs the party.

Forecasts based on about four-fifths of the results gave the PNV 32 of the 75 seats, the Socialists 19, and Herri Batasuna 11. The right-wing Popular Coalition was predicted to come in fourth place with seven seats.

Socialist support appears to have risen significantly in the closing stages of the campaign, which were dominated by the assassination on Thursday of Sr Eugenio Gutiérrez, known as "the Tiger" and wanted by Spanish police for an attempted assassination.

Although the murder has been disowned by Eta, police are working on the theory that it was carried out by the Autonomous Anti-Capitalist Commandoes, an Eta splinter group.

Abstention in yesterday's election, while *still* comparatively high at about 32 per cent of the electorate, was well below the 41 per cent registered in a similar contest four years ago.

Failure by the PNV to maintain an effective majority means that it will have to seek a government pact for the region for the next four years.

Bonn faces refugee dilemma

BY LESLIE COLITT IN BERLIN

WEST GERMANY is faced with one of its most delicate problems in recent years in its relations with East Germany following reports that East German Prime Minister Willy Stoph's niece and other members of her family had sought refuge in the West German embassy in Prague.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, yesterday ordered a news black-out on any information about "humanitarian cases connected with Bonn's foreign missions."

The decision clearly referred to reports in West German newspapers that Mrs Ingrid Berg, Herr Stoph's niece, her husband, two children and mother-in-law had entered the West German embassy in Prague last Friday and had refused to leave until they had obtained a promise that they would be allowed to go to the Federal Republic.

Negotiations have been taking place between West and East Germany and Czechoslovakia to find a solution to the case which was described by Herr Heinrich Windelen, Bonn's Intra-German Affairs Minister, as the most difficult refugee problem that West Germany had yet had to face.

The incident and similar recent cases of the same kind is clearly an embarrassment to Bonn which has recently had some success in improving its relations with the East German Communist Government.

The incident involving Herr Stoph's niece followed successful attempts by two groups of East Germans last month to reach the west after seeking refuge in the U.S. embassy and West Germany's permanent mission in East Berlin. Recently, however, East German policemen and state security guards posted outside western embassies have carried out identity card checks of all passers by to prevent East Germans from entering the buildings.

Last week, East Germany began to issue an average of 100 exit permits a day to East Germans who had applied years ago to be reunited with their families in West Germany. This was well over twice the previous rate and was welcomed by the West German Government. Bonn has indicated that such humanitarian concessions by East Germany were necessary before East Berlin could receive a trade credit guaranteed by the West German Government.

Feldstein warning on recession next year

MR MARTIN FELDSTEIN, chairman of President Reagan's Council of Economic Advisers has warned that the U.S. could slip back into recession in 1985 if negotiations now under way to begin to *cut federal budget* deficits are not successful, Stewart Fleming reports from Washington.

Mr Feldstein's renewed warnings on the deficit coincide with signs that Congress may be able to reach agreement on a modest budget cutting package this year.

Some economists on Wall Street have said that one reason why the stock market recovered strongly last Friday was the *belief that it may be premature* to write off the possibility of some modest action on the Federal budget deficit before the presidential election campaign.

The Dow Jones industrial index jumped 30.47 points to 1165.10 on Friday after falling steadily for several weeks.

Senator Pete Domenici, a leading Republican, suggested last week that cuts in the defence budget could contribute to a deficit cutting package and Senator Robert Dole remarked after a meeting of congressional and administration leaders on Friday, to discuss Mr Reagan's proposed $100bn "downpayment" of budget cuts over three years: "We have a little momentum now."

IMF terms 'will prevent Brazil paying debt'

By Our Sao Paolo Correspondent

SR AURELIANO CHAVES, Brazil's Vice-President, has said that Brazil cannot pay its estimated $92bn (£63bn) foreign debt unless there is a return to economic growth—an impossibility under the economic policies the Government is committed to under present IMF terms. With his statement Sr Chaves, one of four contenders seeking the ruling Social Democratic Party (PDS) nomination for the presidency, widened the gap *that already existed* between his political platform and the Government's official policies. He has sided with an important segment of business opinion that detects an inherent contradiction in current policy.

Sr Chaves's move has presented the military-civilian alliance that has ruled Brazil for the past *20* years with a challenge from an unexpected quarter in its attempt to ensure that it will retain power after President Joao Figueiredo's term of office expires in March 1985.

The next President will not be chosen by the electorate at large, unless a current campaign for a *constitutional* amendment is unexpectedly successful: instead, he will be picked next January by an electoral college, whose 656 members were designated in 1982.

In terms of the membership of the PDS party convention, Sr Chaves is thought to be running in third place at the moment. *Ahead* of him are Col Mario Andreazza, the Interior Minister, and a congressman, Sr Paulo Salim Maluf. Sr Maluf is a wealthy industrialist and former Governor of Sao Paulo state.

Both Col Andreazza and Sr Maluf are seen as candidates whose chances under the electoral college system are considerably greater *than they* would be in direct elections, while the opposite is true of Sr Chaves. He enjoys popularity in the country and tends to scorn the wheeling and dealing needed for success in the closed system.

EEC backs call for free internal market after road blockades

BY PAUL CHEESERIGHT IN BRUSSELS

THE GREAT truck blockade in France and traffic disruptions on various European borders have highlighted the need to speed-up decisions on liberalising the EEC's internal market and develop a common transport policy, according to Mr Karl-Heinz Narjes, the European Commissioner for the internal market.

Speaking in Brussels at the end of last week, he aligned the Commission firmly alongside governments like those of the Netherlands and the UK which have been trying to use the events in France over the past week as a catalyst towards the achievement of a genuine common market.

Of immediate relevance to the situation in France, the Commission is pushing for the rapid adoption of a common customs document and a change in the payment of VAT. In the transport area its top priority is liberalisation of the road haulage industry. Proposals for action along these lines have been presented to the Council or Ministers.

A common customs document would simplify frontier formalities by replacing the plethora of individual national demands for documentation with one form.

Ministers have agreed this in principle and technical discussions are taking place to reconcile the different documentary demands of the Ten. Mr Paul Channon, the UK Minister for Trade, said last month that he expected a common document to be adopted this year.

The Commission wants demands for VAT payments to be removed from national frontiers and replaced by payments as part of the normal tax assessments for companies.

France, Germany and Italy are reluctant to accept Commission ideas for liberalising road haulage because of the effect on their financially troubled railway systems. The Commission wants the national grant of haulage licences to be phased in favour of a single Community system.

France, now holding the presidency of the EEC, has begun to show a more sympathetic attitude to the Dutch demand for a special meeting of transport ministers. There had been reluctance in Paris to set a date for fear of complicating internal negotiations with the road haulage unions.

A meeting is now likely before the next EEC summit in mid-March. The same is true for a meeting of trade ministers to discuss the internal market although no definite date has been set.

Foreign trucks and buses face Swiss travel tax

BY ANTHONY McDERMOTT IN GENEVA

SWISS approved in a referendum yesterday a proposal which will increase the cost of trucks and buses travelled through Switzerland. The European Economic Community has already warned the Swiss Government against adopting such measures which involve an annual tax on vehicles according to weight.

A second referendum proposal would require every user of a motorway, *whether Swiss or* foreign, to display a sticker costing Sw Fr 30 (£10) a year would be accepted. However, the trend seemed to be in favour of acceptance. With results in from 22 out of 26 cantons, it was still not certain whether it was approved.

A third referendum proposal *calling for the introduction of* civilian service as an alternative to the military service which is compulsory for all fit males, was rejected by a two thirds majority. This was a smaller margin than the previous time it was put to the vote in 1977. The outcome was widely predicted, and only Geneva and Basle City so far voted in favour.

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OVERSEAS NEWS

Australia eases rule on visiting warships

CANBERRA — Friendly warships will not have to declare whether they are carrying nuclear weapons when they visit Australian ports under policy guidelines announced yesterday.

The Australian Government will however have the final say on whether they can use drydock facilities.

The key passage in the guidelines, announced by Mr Gordon Scholes, the Defence Minister, said requests for the use of a drydock "will have to be considered on their own merits, taking into account technical and safety factors, and the strategic and operational circumstances obtaining at the time."

The statement followed weeks of controversy after the British aircraft carrier Invincible was refused access to a naval drydock in Sydney because the British declined to say whether it carried nuclear weapons.

Mr Scholes said that the guidelines were adopted after talks with the U.S. and British Governments. "Both the United States and British Governments have a policy of neither confirming nor denying the presence of nuclear weapons. We accept the reasons for that policy," he said.

Mr Scholes said that Australia would not in any way endanger the safety of any allied or friendly ship or crew in need of access to Australian facilities.

The Invincible which had arrived on a five-week goodwill visit was finally forced to limp to Singapore for urgent repairs to its propeller shaft bearings.

Opposition parties said the episode "clearly diminishes Australia's reputation in defence and foreign relations matters."
Reuter.

Sikhs and Hindus plan to demonstrate in New Delhi

NEW DELHI — The machine-gun murder of two women and a child in a Punjab village yesterday raised communal tension ahead of rival Sikh and Hindu demonstrations in New Delhi today.

The murders, by a gang of eight men armed with sten guns, were at a village about 30 miles from the Sikh holy city of Amritsar.

With the killing of a Sikh Nihang (temple guard) and a youth in separate incidents in other parts of the northern Indian state, the death toll in the last six days of communal violence rose to 44.

Sikh leaders are planning to burn part of the Indian constitution outside Parliament today. The right-wing Hindu Bharatiya Janata Party holds a strike in New Delhi in protest at Prime Minister Indira Gandhi's handling of the crisis.

Mrs Gandhi, making hectic efforts to defuse the tension arising from Sikh demands for greater autonomy in Punjab, called in leaders of opposition parties to get their backing for an all-party approach to the crisis.
Reuter

Iraq claims control over two war fronts

IRAQ said yesterday its forces had killed more than 14,500 Iranians in the past five days while Iran said its latest thrust was continuing and that its men had wiped out much of an Iraqi army division, Reuter reports from Bahrain.

The Official Iraqi news agency said Iraqi forces were now in control of both the Misan province border area and the front farther south near the port of Basra, the two battlefields where it said 14,598 Iranians had been killed.

Iraqi troops were ready to confront any new Iranian offensive, the agency said.

Iran's Majlis (parliament) Speaker, Hojatoleslam Hashemi Rafsanjani, hinted at a possible new offensive yesterday when he told the House the Iraqis had no idea where Iranian forces would strike next.

"Even the unholy eyes of American satellites and Awacs (information-gathering aircraft) failed to gather effective information for the Baghdad regime," the Speaker declared.

Iran said its forces had killed more than 7,000 Iraqis since it launched its latest thrusts, codenamed "Dawn 5" and "Dawn 6," last week. Much of Iraq's 19th infantry division was wiped out yesterday in the central sector, it said.

Neither side has published the number of its own dead.

The Iranians said two Iraqi missiles hit the Iranian border town of Hoveyzeh, just to the east of Iran's latest central offensive, early yesterday, wounding at least 24 people.

An Iraqi army commander, quoted by the official Iraqi news agency today, described the latest Iranian ground assaults as "crazy mass suicide and mass genocide of the Iranians at the hands of their rulers."

Taiwan Premier suffers stroke

By Bob King in Taipei

PRIME MINISTER Sun Yun-Suan of Taiwan has undergone an operation for what the Government called a cerebral haemorrhage two days after he was admitted to hospital suffering from dizziness and weakness of unknown origins.

The short statement said only that the operation was successful and that the Premier was resting comfortably. It is unclear how serious a stroke the 71-year-old Premier suffered.

President Chiang Ching-Kuo, last week nominated for a second six-year term, has given Mr Sun a two-week leave of absence and named Vice-Premier Chiu Chuan-Huan, 59, acting premier until Mr Sun recovers.

Mr Sun, an engineer by profession, has pushed for more efficiency in government and is considered a driving force behind the country's industrial upgrading. Many have thought he would likely be reappointed Premier after Mr Chiang's nomination as President is approved and a routine Cabinet reshuffle takes place.

Patrick Cockburn in Beirut describes the failure of the U.S. initiative in Lebanon

End of an era in Mideast as marines leave

THE withdrawal of U.S. Marines from Lebanon marks the end of an era in American policy in the Middle East.

After the Israeli invasion of Lebanon in June 1982 all roads seemed to lead to Washington; the Palestine Liberation Organisation and Syria had both suffered a severe defeat and the regime of President Amin Gemayel leaned heavily on U.S. support.

"After much bloodshed among Lebanese, Syrians, Palestinians and Israelis, the U.S., without firing a shot, became the dominant power in an area previously ruled by two close allies of the Soviet Union," an Israeli commentator noted.

The U.S. is the dominant power no longer. Three minutes after the last Marine left the beach in Beirut yesterday the Marines' seashore base was taken over by gunmen of the Shia Moslem Amal movement linked to Syria and Iran. Some had little pictures of Ayatollah Khomeini around their neck.

The U.S. failed because President Gemayel systematically alienated all the Moslem communities who form the majority in Lebanon. These communities, notably the Druze and Shia, received strong support from Syria which still controlled the east and north of the country.

Only the threat of a full-scale war with the U.S. or Israel would have made Syria hesitate in launching a political and military counter-attack, and neither country wanted such a conflict. Having achieved its objective of expelling the PLO from Beirut Israel saw no reason to use its army to win political points for the U.S.

The blowing up of the U.S. embassy in Beirut last April was the start of the slide.

The marines at the airport were in a dangerously ambiguous situation, as a symbol of support for the Government, and active military allies. In the mountain war last September the marines' artillery and the guns of the Sixth Fleet were used to support government troops.

Col Tim Geraghty, the U.S. marine commander in Beirut, is said to have protested vigorously about his new role as military ally of the government and the dangers this involved for his men. A month later came a devastating response: a suicide lorry packed with explosives drove into the base and exploded, killing 241 men.

For weeks the U.S. teetered on the edge of retaliation against Syria whom it suspected of being ultimately responsible.

A new U.S. strategic agreement with Israel, hinting at an offensive against Syria, turned out to be rhetoric. The U.S. lost two aircraft in its only air attack on Syrian positions.

Washington had only one card left: the Lebanese army. U.S. officers were hurriedly training and re-equipping its brigades. They might be able to shift the balance of power against Syria and its allies. At the beginning of this month this hope also turned out to be a mirage as two brigades defected and a third broke up when the Druze attacked.

After yesterday's evacuation of the U.S. marines few in Lebanon believe they will ever return. The U.S. will shift Lebanon from the centre stage of its Middle East policy to a more marginal role, say diplomats. President Reagan prefers a limited and containable failure now to a disaster close to the presidential election.

Arafat begins talks with Hussein

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation, arrived here yesterday and quickly took a high level Palestinian delegation into talks with Jordan's King Hussein, Rami Khouri reports from Amman.

Mr Arafat's team included five of the 14 member PLO executive committee, along with key members of the central committee of Mr Arafat's Fatah group, the biggest and most important of the eight component organisations that make up the PLO.

The Jordanian-Palestinian talks, suspended since last April, aim to reach agreement on a joint political action programme designed to open the way to a negotiated settlement of the Arab-Israeli dispute.

The two sides will also discuss several bilateral issues, such as expanding the PLO's political and institutional presence in Amman, and longer term issues such as possible confederal ties between Jordan and a future Palestinian state.

Shorter term tactical considerations include the possible formation of a joint Jordanian-Palestinian delegation to any future peace talks on the basis of the September 1982 Fez Arab Summit peace plan.

But Mr Arafat will have to move cautiously in his talks with Jordanian officials, given his ongoing efforts to reassert his control of Fatah and the PLO as a whole in the wake of the armed rebellion against him last year by dissident Palestinians backed by Syria and Libya.

Macau's neighbours enjoy its political bust-up

BY ROBERT COTTRELL IN HONG KONG

THE WELL-MADE Elizabethan play would counterpoint its weighty theme with a comic or grotesque sub-plot. A similar sense of harmony seems to prevail on the South China coast where, while Hong Kong grapples with its economic and social future, light relief is being provided by a good old-fashioned political bust-up in the neighbouring Portuguese-run territory of Macau—population 400,000.

Rear Admiral Vasco De Almeida e Costa, Governor of Macau, is at odds with some members of his legislative council. So much at odds, in fact, that last week he asked the President Eanes of Portugal to dissolve the council altogether.

In an explanatory letter to the President, Admiral Almeida e Costa said that dissolving the council was necessary to preserve the "dignity and prestige" of the territory's administration.

The ostensible cause of the breakdown in relations between the Admiral and the council is an incident in which the council amended a piece of legislation, and then gazetted it even though it had not been endorsed in its amended form by the Governor.

The Bill in question related to a restructuring of Macau's civil service department — although the actual subject matter is, say observers, at best incidental to the row which followed. In the past two weeks, the assembly has held a series of behind-closed-doors meetings, and decided to ask Lisbon to mediate.

The 17-member legislative council is part-elected, part appointed. Some analysts link the present row to a possible revision by government of the electoral system. Others link it to a belief that the Governor has been planning to declare himself soon as a candidate for Portugal's presidential election to be held next year.

These may be incidental, strategic factors. More important may be a clash of styles and wills.

Admiral Almeida e Costa is an experienced politician, perhaps of a more vigorous kind than Macau is used to among its Governors. Working with his own executive team, he had laid the legal foundations for internationalising Macau's banking system; negotiated a larger governmental share of local gambling revenues; and begun to improve the dilapidated infrastructure of the small territory.

Macau, for its part, has seen Governors come and go, often rapidly, while the territory preserves its own time-honoured patterns of loyalties and interests.

WORLD TRADE NEWS

Christian Tyler on the imprecise art of political analysis

Where insurance becomes guesswork

THE NEWLY INDEPENDENT Republic of Brobdingnag, with its untapped natural resources and generous foreign investment incentives, has attracted a lot of Western trade and capital in recent years.

Today the consumer boom is over and the debt service ratio is climbing fast. Gen Victor Machismo, head of the 107-year-old "temporary" military government, has promised elections next spring. But strikes and other civilian demonstrations are multiplying. Junior army officers are said to be disaffected. More worrying still are rumours that Lilliputian troops are massing on the border.

Should Western export credit agencies, charged with supporting their national exporters in a competitive but profitable market, continue to write insurance policies on Brobdingnag? Will the increasingly aggressive private underwriters in London take the risk? And what will it cost the exporter?

Since the Shah of Iran was toppled in 1979, political risk analysts have mushroomed in the hope of satisfying the demands of nervous banks, traders and investors. For about $20,000 (£13,800) you can buy an assessment of Brobdingnag from one of the (mainly U.S.) specialist consultancies. Or you can buy multi-country forecasts for about $4,000 a year, a monthly newsletter for $200 a year.

But even the Association of Political Risk Analysts, a 400-member body formed in the U.S. in 1980, would not pretend that political risk analysis is a science. Unlike fire, theft or even life insurance, where physical scrutiny can minimise risk, political underwriting is an art, and at times resembles the bookie's trade.

Some analysts try to quantify the unquantifiable—for example by feeding variables like a country's frequency of government changes, or even calorie intake per capita, into pseudo-econometric formulae for rating countries' political stability.

Most provide a more mundane—if highly lucrative—reporting system to help corporate executives with ignorance of modern geography and history, says Mr Armen Kouyoumdjian, an Armenian economist who is *secretary of the association's* European branch.

"It's a bandwagon and everyone is jumping on it. But it's not a bad thing," he said. "Some people think that political risk analysis is just forecasting *coups d'etat* in Latin America. But President Francois Mitterrand's election in France had much greater impact than any coup in Bolivia."

Most professional risk-takers, like the banks, the UK Government's Export Credits Guarantee Department and the big brokers and underwriters, have little use for outside consultants.

For example, the National Westminster Bank has its own system for determining what limits to set on sovereign lending. It employs a table of factors and weights.

But banks, according to Mr Jack Gill, head of the ECGD, can provide his department with "little more than blinding glimpses of the obvious."

ECGD insurance policies make no distinction between political and commercial risk, except latterly for a few large exporters, even though more than half its £32bn exposure is in the 147 countries currently graded as risky (categories C and D).

Country underwriters at ECGD depend on embassy reports, published and confidential assessments by the International Monetary Fund (IMF) and World Bank, the forecasts of national banks in London, and their own visits—which occur at least every three years.

However, this qualitative *analysis is increasingly* supported by econometric work on the Department's all-purpose IBM 4341 computer. Developed by Mr David Miner, ECGD's economic adviser, it uses 14 weighted economic factors to *produce a "Z score" for* each market. The aim is to get early warning—perhaps a year ahead—of when a country is likely to join the queue of 34 nations who have rescheduled.

The analysis looks at *economic health*, track record and political stability (but not the system of government); it also takes into account UK *market share and prospects.* Country grading is subject to review by an advisory council or by Whitehall if there is deemed to be "national interest" in maintaining cover on a country which looks a poor commercial risk.

Premium rates for short-term credit take little account of market differences. The exporter pays 58-60p per £100 of contract value on all exports, with a 50 per cent surcharge for risky markets. Medium term rates range, however, from an average £1.80 per £100 for A category markets to £4.60 per £100 for D countries.

Underwriters in the private market use quite different criteria, although many of the same sources. They are more interested in the exporter's track record and type of business than in the country as a whole. They are more expensive, but more selective too.

"We haven't got the resources of an ECGD," said one underwriter. "In the private market analysis is done by sticking *your finger up in the air;* it's seat-of-the-pants underwriting."

The leading political risk underwriter at Lloyd's is the 3,000-member Merrett Syndicates, which taps the same published sources as ECGD, but also the newspapers, and even the intelligence services.

"You can ring the CIA up if you want to," said a manager from Merrett, "but the intelligence community tends to be ingrown—poor on fact, long on rumour."

There can be wide disparities of rates quoted in the London market, the centre of political risk underwriting. According to brokers, the range is between under 1 per cent for Western *Europe and 7½ per cent for, say,* Nigeria now. For mainstream risks the range is between 1 and 5 per cent.

The market's capacity, determined by the amount that can be hived off to reinsurers, is a major factor. For example, East Germany is seen everywhere as a good risk, but capacity is short. Those insurance companies which have it will charge dear for it. By the same token, it is the insurer's portfolio of risk rather than any deep perception of a country's political or economic condition, that will determine whether he writes a policy.

"We think we can get enough information about what is happening in countries without becoming overly complex about it," said Mr Miles Wright, manager of American Insurance Underwriters, an aggressive recent entrant into political risk insurance. "It may sound slightly amateurish, but it *works.*"

> Since the Shah of Iran was toppled in 1979, political risk analysts have mushroomed, in the hope of satisfying nervous banks, traders and investors. No one would pretend that such analysis is a science.

Occidental in fresh bid to resolve China deal

By William Hall in New York

A TEAM of experts from Occidental Petroleum, the U.S. oil company, is flying to Peking this week for a fresh round of negotiations with the Chinese in a bid to resolve the long delays which have plagued a $500m joint venture to develop the world's largest open cast coal mine in China's Shanxi Province.

There have been widespread reports that the project, the first major joint venture between China and a U.S. company since commercial relations were normalised at the end of the 1970s, has run into serious financial difficulties and may not proceed.

Occidental and the China National Coal Development Corporation signed an interim agreement to begin development of the mine on March 8 1983, following a year's feasi*bility study by both sides.* Dr Armand Hammer, the 85-year-old chairman and chief executive, said at the time that Occidental would immediately begin procuring equipment for the mine and that construction would begin on July 1 1983, with production scheduled to begin in July 1985.

The Ping Shuo is located some 500km west of Peking and the coal, much of which was expected to be exported to Japan, will be delivered to the port of Qinhaungdao by a 898km rail line.

However, since the project was first mooted the world price of coal has dropped sharply and this is believed to have undermined the economic viability of the project on which work has still to start.

Mr Gordon Reece, Occidental's head of public affairs, refused to comment on speculation that the project was close to collapse. He said that negotiations were still continuing.

Gatt meets to examine EEC steel retaliation measures

BY ANTHONY McDERMOTT IN GENEVA

THE COUNCIL of the 90-member General Agreement on Tariffs and Trade (GATT) meets here tomorrow, in response to an unusual request from the United States, to consider the EEC's retaliatory measures against U.S. tariffs on specialty steel imports.

The U.S. has asked the ruling Council to condemn the EEC's imposition of tariffs on a range of American industrial goods with effect from March 1. But it is almost certain not to comply.

Washington called for the special meeting when it became clear that negotiations would not lead to a deferral of the EEC tariffs.

A last-minute attempt is being made in Brussels today by Mr William Brock, the U.S. trade representative, and M Etienne Davignon, the EEC Industry Commissioner, to narrow differences.

These are believed to focus on the gap between U.S. and EEC valuations of the products to be affected by European retaliation, the exchange rate movements of the European Currency Unit (ECU) against the dollar since 1982 (which affects the value of the EEC import quotas), and the U.S. view that it will come off worse since some American products would be more or less eliminated from the EEC market.

U.S. products affected by the EEC's proposed import quotas include styrene, polyethelene and some sidearms and sports equipment. But the U.S. and the EEC differ sharply on how much is involved. At the same time, the EEC plans to impose unilaterally higher tariffs on imports from the U.S. of methanol, vinyl acetate, burglar alarms and other anti-theft devices. The EEC estimates the value of these imports at $57m over the 1980-82 period, the U.S. at $91m.

A decision by the Gatt Council has to be unanimous, and any attempt by the U.S. to obtain a condemnation of the EEC retaliation will be blocked by the EEC, which will argue that it is entitled to retaliate under the Gatt's Article 19.

Exim looks at first mixed credit

BY NANCY DUNNE IN WASHINGTON

THE U.S. Export-Import Bank tomorrow will consider its first mixed credit transactions since Congress passed legislation last year allowing the practice.

Although Eximbank has been a consistent critic of mixed credits within the Organisation for Economic Cooperation and Development (OECD), it has been pressed by Congress to *initiate its own creative* financing programme along with the Agency for International Development (AID).

Neither agency is enthusiastic about the programme. Aid officials are reluctant to divert additional funds to commercial purposes. Eximbank sees credits as a potentially expensive drain on the $3.9bn *allocated for* direct credit lending in 1984. The Bank worries that even a conservative programme, costing $500m to $1bn a year would eventually result in 20-40 per cent losses on interest income and larger operating deficits.

The National Advisory Committee on International Economics and Financial Policies (NAC), an interagency committee led by the Treasury Department, has yet to devise guidelines for a mixed credit programme. It has however talked about targetting the credits towards specific industries like *telecommunications and trans*portation in developing countries.

Despite the lack of guidelines and Exim's preference for offering extended repayment terms rather than lower interest rates, the Bank's board is now set to consider two mixed credit proposals. Some officials believe Eximbank will seek to reserve mixed credit funds for cases of retaliation.

Fokker hunts for Japan partner

BY WALTER ELLIS IN AMSTERDAM

FOKKER, the Dutch aerospace group, is hoping to persuade Japanese industry to participate in the construction of the Fokker 50 and Fokker 100, planned successors to the F27 and F28.

Japanese domestic airlines are currently considering fleet replacements and Fokker feels that the company's chances of securing major orders would be greatly enhanced by Japanese participation.

Mr Frans Swarttouw, chairman of Fokker, led a company delegation to Tokyo last week aimed at securing Japanese involvement of up to 10 per cent.

Fokker was also engaged in negotiations with the Japanese in 1980 and 1981, when it was thought possible that Japan could participate in an airliner project then being discussed with Boeing of the U.S.

The Boeing project collapsed when Fokker decided instead to go into business with rivals, McDonnell Douglas. But these plans also came to nothing, leaving the Dutch group with no major partner outside the Netherlands.

Fokker has rejected the chance of a major share in the European Airbus programme and is anxious to ensure that its two new aircraft—basically updated and expanded versions of the F27 and F28—enter world markets with more than one national interest engaged.

Mr Swarttouw and his team have already concluded talks with a number of Japanese companies that might be interested in participating and will also visit All Nippon and Toa Domestic airlines. The Fokker delegation plans to return to Japan in the autumn.

New dealer network for Honda's U.S. launch

By Terry Dodsworth in New York

AMERICAN HONDA, the U.S. marketing arm of the Japanese motor group, is planning to introduce a luxury car in the North American market by the unusual means of setting up a separate dealer network.

It is likely that it will be the new version of the joint venture vehicle which has been developed in co-operation with the Austin Rover division of the BL group in the UK.

American Honda said yesterday that the car would almost certainly be imported to the U.S. from Japan, but there appears to be a possibility that it might be produced in the U.S., where the company has a plant at Marysville, Ohio.

The company is aiming to sell around 45,000 units of the car in 1986, when it will be introduced. It intends to set up a network of 120 dealers to market the car under a strategy clearly designed to differentiate it from the down market, popular image of the present Honda range.

"This will appeal to a different group of buyers," said Honda yesterday. "The car will have radically new styling, will be much more luxurious than the traditional Hondas, and an entirely different appeal." At present, Honda markets the Civic, Accord and Prelude range of economical family models in the U.S.

Honda would not say yesterday how it intended to solve any quota problems which might exist two years from now when the car is launched. The group's quota limits under the voluntary arrangements in force in the U.S. have just been increased from 350,000 cars to 372,000, but it is currently selling every vehicle that it is able to import.

The company is, however, expanding capacity at its Marysville plant from 600 units a day to 1,200 in a $240m project due to be completed by 1986. Because of the small volumes planned for the new vehicle, it might not want to produce it in the U.S.

Soviet cruise cut

SOVIET cruise ship operators have agreed to consider making further cuts in the number of cruises offered on the British market next year. An interim agreement on cuts over and above those agreed last December for 1984, was signed yesterday between British operators and their Soviet competitors after two days of talks in Leningrad, writes Peter Bruce.

SHIPPING REPORT

No fear of Hormuz closure

BY ANDREW FISHER

LAST WEEK'S tension over possible closure of the Straits of Hormuz left shipping markets unmoved. Despite some rate rises on the tanker side, business showed no marked improvement.

It looked at the start of the week as if owners of VLCCs (very large crude carriers) would be able to secure better rates for their vessels.

Some vessels were fixed, but rates remained low. A *few* VLCCs were taken on undisclosed "private" terms by some unnamed charterers.

French, U.S. and Japanese companies arranged tankers from the Gulf. Despite present low rates, said Galbraith Wrightson, enquiry did pick up enough in the last few days to suggest that owners could be in a stronger position in March.

The intensified fighting between Iran and Iraq had even less of an effect on the dry cargo market, said Denholm Coates.

World Economic Indicators

INDUSTRIAL PRODUCTION (1975=100)

					% change over previous year
	Jan. '84	Dec. '83	Nov. '83	Jan. '83	
USA*	158.1	154.4	155.5	137.4	+15.1
	Dec. '83	Nov. '83	Oct. '83	Dec. '82	
U.K.†	102.6	102.0	101.6	99.0	+3.6
Japan†	110.3	109.4	107.2	100.6	+9.6
West Germany	118.2	117.1	113.9	105.9	+11.6
France	117.2	117.0	114.4	112.8	+3.9
Italy	113.2	117.4	114.1	118.0	−4.1
	Nov. '83	Oct. '83	Sept. '83	Nov. '82	
Netherlands	110.0	108.4	108.2	101.5	+8.4
Belgium	118.2	117.2	115.4	111.2	+6.3

* 1967=100 † 1980=100

Source (except U.K., U.S., Japan): Eurostat

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	■ J. Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.8%. 1-month 6%. Fixed rate 12 months £2,500 9% £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%. £10,000 up to £50,000 6½%. £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

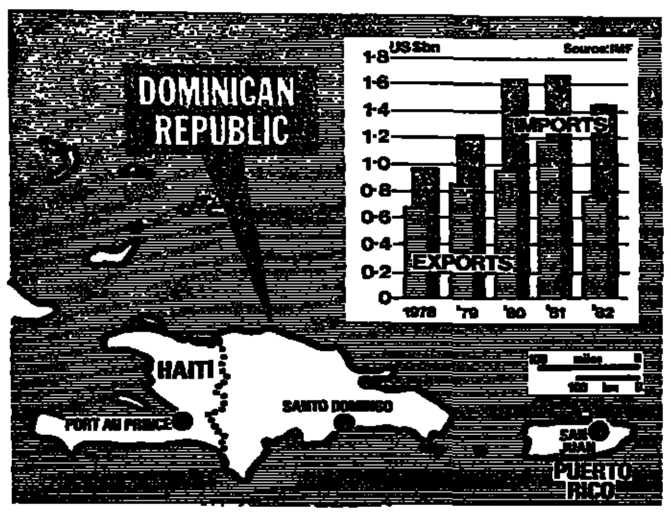
OVERSEAS NEWS

David Thorp, recently in Santo Domingo, finds poverty and unemployment in the sun

A Caribbean island thousands want to leave

INDEPENDENCE Day in the Dominican Republic on February 27 celebrates the end of a 22-year Haitian occupation in 1844. The fears of a military invasion has long since vanished, but some of the old enmity persists, especially over the number of Haitians crossing the border in search of jobs.

Tens of thousands of Haitians legally enter the Dominican Republic to help with the annual back-breaking harvest on the sugar plantations. They work for minimal wages which most Dominicans spurn as beneath their dignity. Despite the low pay, most Haitians prefer to remain rather than return to the appalling conditions across the border. According to a World Bank survey, Haiti is the poorest country in the West, with an average per capita income of $280.



In addition to the harvest workers, other Haitians illegally cross the lightly-guarded border, and the effect of this influx is now being keenly felt. The Dominican Republic is experiencing a severe recession, and the immigrants are in direct competition with Dominicans for rural jobs, forcing local people to move to the towns.

The Dominican Republic's population has doubled to 6m in the past 20 years. In Santo Domingo, the capital, the Government is finding it increasingly difficult to provide minimum social services for the 1.5m inhabitants, many of whom live in overcrowded slums. The peasants flocking to the urban centres are not finding jobs, and unemployment is running at over 30 per cent by conservative estimates.

The plight of the people is reflected in a steady stream of illegal emigration to the U.S. In New York alone there are 1m Dominicans, at least half of whom are illegal, according to U.S. officials. They travel from their homeland by boat to nearby Puerto Rico and pose as Puerto Ricans to buy airline tickets to the U.S. mainland. The Dominican coastguard gives only half-hearted help to the U.S. authorities in stopping the exodus.

The main cause of the Dominican Republic's economic difficulties is the drastic drop in earnings from sugar, its principal export, now down to $300m a year against $560m in 1981.

Low world prices have prompted the U.S. to impose quotas to protect its own industry and sugar imports from the Dominican Republic fell from 686,100 tonnes in 1981 to 447,000 tonnes last year. The U.S. traditionally buys half the country's sugar crop at better prices than it would receive on the free market, and is expected to buy 460,000 tonnes this year. Another 150,000 tonnes will go to the Soviet Union.

Imports have continued to rise. Recently the government of President Jorge Salvador Blanco was able to cover the trade gap with loans from the international banks and the International Monetary Fund.

But foreign debt now stands at $1.9bn, and the IMF has imposed tough terms for continued assistance. The government has agreed to introduce sweeping austerity measures including import controls, cuts in public sector spending and an unpopular commitment to raise taxes.

The World Bank and the Agency for International Development have strongly urged that the economy should be diversified and its export base expanded. The private sector, aided by the central bank, has taken steps to increase foreign investment in the export-orientated free zones and diversification has begun in agriculture. Benefits may also accrue from the Caribbean Basin initiative of President Ronald Reagan, which allows tariff-free exports to the U.S. market for the next 12 years. But all this will take time.

To encourage foreign investment, the authorities are stressing the country's stability under the mildly Centre-Left rule of the Partido Revolucionario Dominicano (PRD). President Salvador Blanco, a well-linked lawyer, has broken with tradition by preferring his own modest, ranch-style home in downtown Santo Domingo over the presidential palace.

So far he has managed to hold the ring within a highly fractious party, but the PRD is already beginning to feel the strain of rivalries building up over potential candidates for the presidency in 1986.

However, the most immediate political concern is neighbouring Haiti. There the grip of the 32-years-old Haitian President for life, Jeane Claude Duvalier, is not as strong as that of his late father, the ruthless Papa Doc, and the authorities in Santo Domingo fear that civil unrest could provoke a bigger flow of Haitian refugees.

Just before elections were held in Haiti on February 12, Dominican Republic troops were moved to key positions along the border. This was seen as an attempt both to tighten up on cross-border migration and to check the activities of President Duvalier's opponents operating from inside the Dominican Republic.

The Dominicans discreetly tolerate anti-Duvalier political activity but firmly oppose Haitian guerrillas using their territory as a safe base. Dominican security services regularly intercept and jail armed Haitians who attempt to infiltrate the frontier.

Although the Haitian elections passed off calmly, with the opposition carefully gagged, Dominican Republic troops have remained on the alert.

Pretoria alleges Swapo threats to ceasefire

OFFICIALS from South Africa and Angola have been meeting to discuss complaints by Pretoria that black nationalist guerrillas are threatening the three week old ceasefire in Angola's southern war zone, Reuter reports from Cape Town.

A senior South African official said the second meeting of a joint commission set up 10 days ago to monitor the ceasefire was held yesterday.

It took place at Cuvelai, a war-battered town 200 km north of the border between Angola and Namibia (South West Africa), which South Africa rules in defiance of the United Nations.

The official gave no details of yesterday's talks, but they follow charges by Mr Pik Botha, South Africa's Foreign Minister, that 800 Swapo (South West Africa People's Organisation) guerrillas have been heading south into Namibia from bases in Angola, threatening the ceasefire.

Swapo, fighting to end Pretoria's rule of Namibia, has been waging a sporadic bush war with South Africa for more than 17 years.

South African officials have said privately they would tolerate ceasefire infringements because the area involved is so vast and mostly thick bush made soggy by heavy rains.

But the Foreign Minister complained that a Swapo force of 400 had grown to 800.

Accord on Chad peace force

NIGERIA and France said yesterday they had agreed that some kind of international force should be sent to Chad to allow all foreign troops to withdraw and Chad's warring factions to discuss reconciliation, Reuter reports from Lagos.

Mr Ibrahim Gambari, the Nigerian Foreign Minister, told a press conference at the end of a two-day visit by M. Claude Cheysson, France's External Relations Minister, that it could be a buffer force, an observer force or a peace-keeping force.

M Cheysson said: "We are ready to consider any or all of these three."

Neither minister would specify how such a force would be composed, but they agreed any moves should be under the auspices of the Organisation of African Unity (OAU).

Mr Gambari said he would raise the matter at an OAU ministerial meeting in Addis Ababa, the Ethiopian capital, next week to try to get action.

He said that in recent days, Nigerian leaders, in a new attempt to end the Chad civil war, had met most of the interested parties, including Libya, which backs rebels in the north, France, which has 3,000 troops backing President Hissene Habre, some of the groups in Chad and OAU chairman Mengistu Haile Mariam of Ethiopia.

At each meeting Nigeria had insisted on the withdrawal of all foreign troops and the restoration of a united Chad through reconciliation talks.

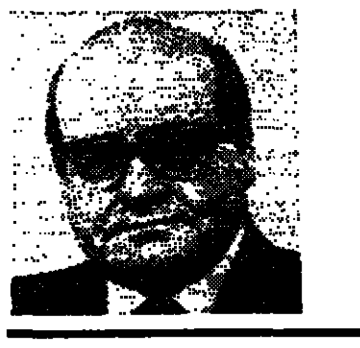
He said talks were still going on as to how this could be done, including whether the establishment of an international force would come first, or whether moves on setting it up should be parallel to talks on establishing a conference between the various Chadian forces.

Mr Gambari said it was essential the OAU should try again to get peace talks going. M Cheysson's visit, the first by a western leader since Nigeria's New Year's Eve coup, followed soon after one by Libya's deputy leader, Mr Abdel-Salam Jalloud.

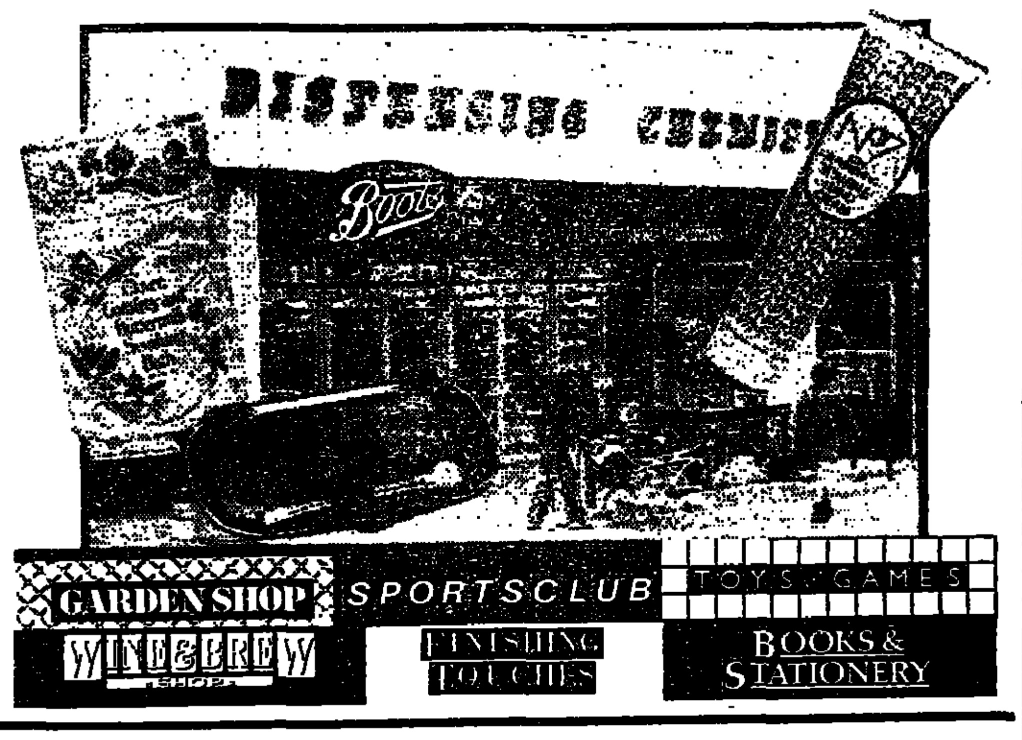
Libya denies it has troops in northern Chad backing rebel leader Mr Goukouni Oueddei, but in a statement at the end of Mr Jalloud's visit it agreed that foreign powers should stop interfering in Chad.

THE MANAGEMENT PAGE

Why Boots is trying harder



Strong in cosmetics and toiletries, Boots none the less has a stodgy image. Dr Peter Main (left) is responding with new products and special in-store sections. David Churchill reports



BOOTS the Chemist is Britain's largest and most popular chain store. Yet, like a number of other major British retailers, it is having to face up to some fundamental problems about its retail strategy in the 1980s — and especially how to tackle the increasingly competitive fight for discretionary consumer spending on leisure products.

Static profits and declining margins over the past few years are the symptoms of the fact that the chain has lost its way. "We've got to shake off the feeling that Boots is dull and stodgy — which it isn't," says Dr Peter Main, the bluff but genial former family doctor who took over as chairman in 1982.

But that is easier said than done. The group has devised a new marketing strategy based on new product areas—from home computers to sportswear—with higher profit margins. "Hot-shot" designers have been hired to try to put more fizz into Boots' image. Even so, most of Boots' 1,000 shops will remain relatively untouched by the new marketing broom. Only the largest 160 or so of Boots' stores which already account for more than half Boots' annual retail turnover of £1.35bn will get the marketing revamp.

Moreover, as John Richards, of stockbrokers Capel Cure Myers, points out, "by moving into new and more up-market product areas Boots is facing a great deal of tough competition from other, well-established retailers." These few major chain stores — such as W. H. Smith, British Home Stores, and Woolworth — are also fighting hard to develop their retailing strategies in the 1980s.

Where did Boots go wrong? In spite of being Britain's biggest chain store (it has nearly 100 more stores than Woolworth) and one of Britain's biggest advertisers (spending £13m last year), Boots has not seemed to be in the vanguard of retail change.

In part this was due to its position as a retail pharmacist—every Boots store manager is a qualified pharmacist and the profession frowns on its members touting for business—and in part also due to the low profile adopted by Sir Peter Hobday, the previous chairman.

But Boots thought it could afford to rest on its laurels; a staggering 39 per cent of the population—and half of all women—visit Boots each week. No other retailer can match this and it is bettered only by the Post Office which has more outlets.

This substantial customer flow ensures that Boots is comfortably the largest chemist in the country and gives it a commanding position in the lucrative cosmetics market (with a market share of close to 30 per cent). Not only do Boots own brand cosmetics have a large slice of this market but the cosmetic houses' refusal to supply discount stores such as supermarkets has meant that profit margins on cosmetics have held up well. No wonder that at least one supermarket chief which has retaliated with own-label cosmetics is highly critical of Boots: "With the cosy relationship Boots has with the cosmetics industry, it did not have to try hard to make profits," he says.

But more than anything it is the recession which has driven home to Boots the fact that it can no longer simply coast along. Cosmetics sales have been hard hit by the recession: "Cosmetics and toiletry sales have been falling in real terms since the late 1970s," according to Euromonitor, a market research group.

In addition, Boots' own market research has been ringing alarm bells. One study showed that for every £1 that customers wanted to spend in Boots, they only actually spent about 74p either because the products were out of stock or because customers could not locate them.

Worse, the competition was itself much more aggressive; chemist chains such as Underwoods and Superdrug attacked Boots's core markets, while the major supermarket chains such as Tesco, Sainsbury, and Safeway all started selling own-label cosmetics—as did Marks and Spencer.

Supermarkets and cut-price chemists also began selling high volume lines such as toothpaste, soaps, and shampoos at cut prices.

Boots's margins were forced down from about 8 per cent in the late 1970s to 5.4 per cent last year. "Retail trading margins are around 8 per cent on average—is there any reason why Boots' margins should be any lower?" asks Robin Althaus of stockbrokers Sheppards and Chase.

UK retail profits also stagnated from 1979 onwards—they were £69.1m in 1979 and only £73.1m in the last full financial year (to end March 1983) on UK retail turnover up by almost 60 per cent over the same period at £1.35bn.

Although UK retailing dominates both Boots sales and profits, it is also a large manufacturer of pharmaceutical products and cosmetics and toiletries both in the UK and overseas. Boots is one of the very few major retailers which actually makes a significant proportion of the goods it sells (about 10 per cent of sales of non-prescription products are Boots' own manufacture).

Boots' response to these uninspiring figures, says Main, has been to "undertake the most searching analysis of *Boots' activities for a very long* time. Nothing was sacred."

The first casualty was the Timothy Whites' chain. Timothy Whites, founded in 1848 by a 23-year-old of the same name and which eventually grew to a 600-strong chain selling pharmaceutical and household goods, was bought by Boots in 1968. Initially, the chemists outlets were turned into Boots operations, while most of the others were retained under the Timothy Whites name selling household goods such as crockery and cutlery. Timothy Whites, while always profitable for Boots, never really took off in retailing terms. Increasingly, its image appeared too old-fashioned, it threatened to absorb too much management time and resources, and the chain was gradually whittled down to 126 stores.

In February last year, Boots announced the Timothy Whites shut-down. Some 80 small stores are in the process of being sold off (not to any major rival, however) and the rest will follow over the next year or so.

The new strategy that evolved from the Boots re-think, however is based on more than merely chopping out the dead-wood. The aim is to capitalise on the substantial *customer flow* by moving into fast-growing leisure areas—such as videos, computers, delicatessen foods and wine, sportswear, and kitchen accessories.

Boots' customers are still very much among the "aspirings" rather than the "haves"—in marketing jargon, the C2DEs rather than the ABC1s. Thus, for example, a trend towards home entertaining among Boots' customers could be met by offering more stylish kitchenware and gadgets.

To change its image in line with this, Boots decided to embark on a design-led revamp of its major stores based around the shop-within-a-shop concept popular with other retailers on both sides of the Atlantic. It had already gone some way towards this with its record departments and "Baby Boots" *sections within stores.*

Boots employed Rodney Fitch, the retail designer, to create different themes for each shop within a shop—covering stereo and audio, kitchenware, gardening, home brew, sports goods, toys, books and gifts. At the same time John McConnell of the design consultancy, Pentagram, has been appointed to pep up the image of Boots' proprietary products both in these new product areas and in existing markets.

At present only three stores have been fully converted along these lines—at Chatham, Northampton, and Bury St Edmunds—although the Boots board is shortly expected to give the go-ahead for the rest of the 120 top stores to be re-designed.

Other retailers are sceptical about the changes. "It's all very well employing fancy designers and going into obvious 'pop' markets such as home computers," says one who has so far been successful while eschewing the current fad for design revamps. "But customers don't like to be confused about their image of a store."

But Boots is not only concentrating *on a new marketing* strategy. It has also tackled two other key areas: stock control and service.

Instead of branches keeping most stock themselves—expensive in terms of space required and staff needed to supervise—Boots is setting up regional warehouses to serve as "common stockrooms" for between 30 and 40 stores each. About a quarter of stores are covered by this new system at present. Stock replenishment data is captured manually on hand-held computer terminals before being fed through to the warehouse computers.

Tighter stock control will mean savings of about £25m in the current financial year.

Boots has also made strong efforts to improve its levels of staff service, with a new training programme using new audio-visual techniques spread over 14 weeks and *applying to all staff,* whether old or new.

Will the new strategy work? "There is still a long way to go for Boots to get things right," is the verdict of John Richards of Capel-Cure Myers, although others in the City are more encouraged by the steps Boots has taken. Certainly, the tighter control of operations under Main — and some improvements in the market for cosmetics and toiletries — helped Boots' total pre-tax profits in the first half of the current year (to September 30 1983) jump by a quarter.

But the core problems remain. Some retailers, notably Marks and Spencer, have shown that it is possible to shrug off a sluggish period (M and S in the 1960s) and emerge as a retailing superstar. But others—notably Woolworth—have also shown that it takes something more than simply following current vogues in retailing fashion to remain successful. Boots is likely to learn the hard way whether it will be the M and S or the Woolworth of the 1980s.

Gelco's image problem

'The answer was blindingly obvious'

BY JOHN GRIFFITHS

IN ITS home country, the U.S., there is some confusion—certainly on Wall Street—as to what the Gelco Corporation is *all about.* In Europe, the company reckons it has an even more severe problem of recognition.

Yet this is a company with annual revenues of $1bn and which claims that 80 per cent of the Fortune 1000 list of top companies is among its clients.

From today, Gelco plans to do something about this problem. And that something is all rather simple—some might say blindingly obvious. It is going to prefix the name Gelco to all the 90 individual business units which each have a separate identity and which add up to one of the world's larger transportation groups.

Coming under the Gelco banner—over a period of time—will be 370,000 cargo containers *of the ubiquitous* CTI company which Gelco has owned since 1980—and which operates about 12 per cent of the world's container fleet—and the 45,000 semi-trailers and other commercial vehicles currently operated under the TIP (Transport International Pool) banner.

When they are added to the car and truck fleet management and leasing activities which are a Gelco mainstay in the U.S. and a 30,000 car fleet in Britain, the total number of transportation units operated by the company is 700,000. Given that in the UK or on the Continent it is unusual to drive for more than a few miles on a motorway without passing a CTI or TIP unit—TIP alone has 60 depots in Europe—the size of the corporate recognition opportunity Gelco has passed by default becomes glaringly obvious.

Even then there is more. Gelco's activities extend well beyond vehicle leasing and managing into a whole range of management services such as travel and payment systems. It also has a modular structures business—Design Space International—which is providing the temporary accommodation and administrative space at the Los Angeles Olympics.

Ivor Rowe, president of Gelco's UK subsidiary and a Gelco Corporation main board member, says that Gelco began to think seriously about its corporate identity several years ago and eventually brought in New York consultants to assess the situation. Their conclusion was not encouraging. "They said that there did not seem to be any understanding of how important the company is," he says. "Worse, they said that the problem was not confined to outsiders; there were an awful lot of the 9,000 employees who only recognised their own division as a Gelco-owned company."

Rowe concedes that when the consultants came up with their suggested solution of a new corporate *logo* using the Gelco name in full and as a prefix in the re-naming of all divisions, there were some red faces within the company of the "why didn't I think of that?" variety.

Rowe regrets that cost and logistical complexity rule out the complete new livery for all its existing transportation units. But all new equipment will be painted in the corporate scheme.

CTI, for example, from today becomes Gelco CTI Container Services (Gelco intends to double the size of its containers business by the end of the decade, despite the current trade slump which led to CTI losing $17m last year). TIP becomes Gelco TIP Trailer Rentals.

Think tank

Gelco's dash for growth has been accompanied by some retrenchments in the past year. It pulled its management operations out of Mexico last year after its $37m revenue was offset by a $13.7m currency loss on the peso devaluation. It has also sold off much of its courier service to Borg-Warner in the U.S. and to Federal Express in the UK, leaving what is now Gelco Express based in Canada.

Rowe insists that in the course of Gelco's planned future expansion there will be no room for more oversights. As part of the shake-up, the company has formed a management taskforce — Project 2000 — comprising board members and senior executives of all its divisions. This "think tank" will step back from day-to-day business, identify market sectors it wishes to be in by the end of the century and map out precisely how it intends to tackle them.

TECHNOLOGY

EDITED BY ALAN CANE

HOW BANKS PLAN TO BEAT CARD CHEATS

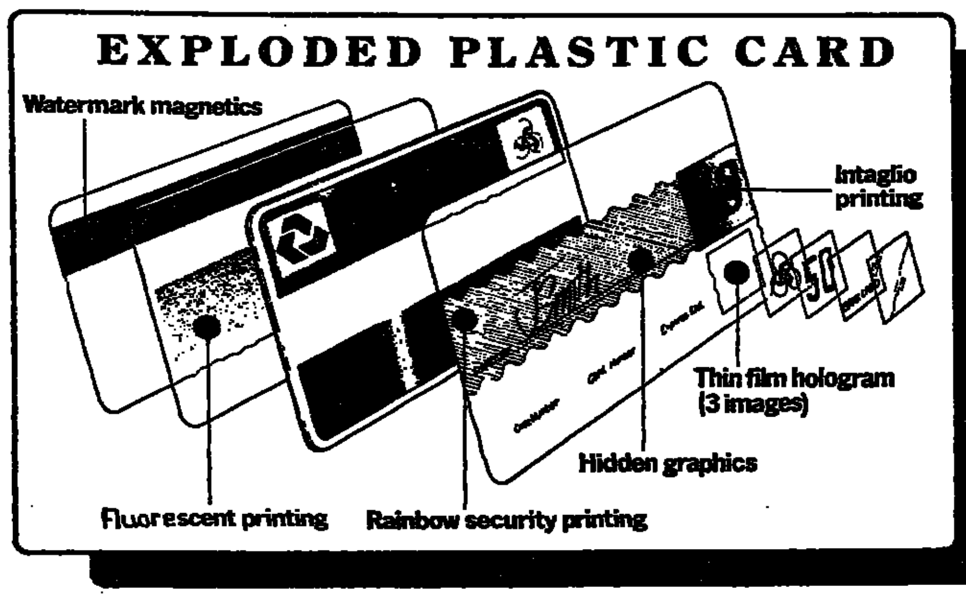
How to bank on security

BY DAVID FISHLOCK, SCIENCE EDITOR

TWO BRITISH engineers, Mr David Miller and John Thorpe, working for quite different companies, have combined their technologies in what they claim is the world's most secure cheque card against abuse yet.

Ten thousand samples have just been delivered to the Committee of London Clearing Banks (CLCB) for final tests and staff training, before the card is issued to the customers of the CLCB's 20 members later this year.

"It will be the first time that anyone has issued a card with full banknote security and machine readability," claims Mr David Miller, managing director of PMI Data of Windsor. It has seven distinct security features built into a plastic card of familiar size and shape, as the sketch shows.



How PMI Data's new card is constructed

Having spent about £500,000 on design and development "on a handshake," PMI Data and Bradbury Wilkinson are now planning an organisation to exploit worldwide their unique marriage of technologies.

PMI Data specialises in what Mr Miller calls "card engineering." The company designs and manufactures plastic cards to its customers' specifications, incorporating such features as secure magnetics, claimed to be resistant to any attempt to wipe out the magnetic signature.

Mr Miller's experience dates back to the mid-1960s when Smiths Industries attempted to apply some of the principles behind the security of its blind landing system for airliners to the security of the world's first vending machines for cash. "Once you go self-service the main integrity of the system depends on the card," he believes.

The technology progressed through EMI in the 1970s, where Mr Miller's group developed a process for "freezing" an iron oxide pattern into the card that could not be erased by a forger. They called it "watermark magnetics," by analogy with security printing techniques. Mr Miller likens it to "girders in a building which can't be removed without destroying the building."

In 1982 Photo-Me International acquired the card engineering from EMI, to add to a business based on automatic photography for security purposes. Its new subsidiary became PMI Data. Behind locked doors, and a battery of other security measures, PMI Data is making about 12m cards a year on high-precision machines.

It was one of four card engineering companies to accept the challenge of the 20 banks which are members of the CLCB cheque guarantee card scheme for a more secure card.

Banks are worried by the rapid rate of growth in card frauds in the past five years, which had burgeoned to losses of more than £20m a year for cheque guarantee cards alone. Total card fraud in Britain may be three times as much, Mr Miller says. Under UK law the losses are borne entirely by the banks and other credit companies.

But PMI Data recognised that the "ultimate" security of a personal portrait on each customer's card cannot be achieved today for a price the banks are prepared to pay for card. For additional layers of security it turned to Bradbury Wilkinson, specialists in secure printing, which prints about 1.5bn banknotes a year.

John Thorpe, managing director of Bradbury Winkinson (Cheques), of Crawley, says the fashion among forgers has shifted from the fraudulent use of genuine cards to the mass-production of fraudulent cards. "That's where we got involved." He cites recent experiences where entire U.S. cities have been "done" in a day in large-scale raids by organised crime armed with fake cards.

But Thorpe—"an engineer who got into printing by accident, learning to print on aluminium"—takes some satisfaction from the fact that in the early 1970s his company had warned the banks that the cheque guarantee card should be a secure document. The banks then rejected the notion. When the CLCB called recently for fresh ideas from card-makers, Thorpe was able to show them one they had rejected 12 years before.

Last year the CLCB called for samples of secure card engineering. Thorpe turned to David Miller, who was obliged to point out that some features Thorpe wanted were just not possible yet.

Last November the two companies agreed to collaborate to design and develop a card that incorporates seven security features:

- Watermark magnetics.
- Rainbow colour printing front and back, to confuse any camera that attempts to separate out the colours in preparation for forging. (Security printing also makes extensive use of rare earth elements to leave markers by which forgeries can be readily identified.)
- A signature panel of absorbent paper (instead of the customary chalk) with a background pattern printed in security inks. Any attempt to float off the signature with a solvent—the most common kind of fraud—leaves an inky smudge.
- A panel of intaglio printing, a technique available only to banknote printers, which gives the banknote its so-called "feel of steel." Designed into this intaglio design is a latent image which can be seen only by viewing the card at a prescribed angle.
- Fluorescent printing that allows words like "void" to appear starkly when the card is viewed in ultra-violent light, or when copied by xerographic methods.
- Hidden graphics, including the use of microprinting which looks like lines until magnified.
- The thin film hologram.

The hologram used is the development of the American Bank Note Company, U.S. parent of Bradbury Wilkinson, together with Du Pont. Subscribers to the National Geographic will find their March issue has a cover hologram of an eagle in flight produced by the technique. For the card, the hologram consists of mirror-like silver panel 0.5 in square encapsulating three different images at different "levels." Not only the image but its colour changes with the angle at which it is viewed.

John Thorpe sees the hologram as the "final identity and security feature—it serves both purposes." He does not claim that it cannot be forged, only that to forge large numbers of cards would require such a big investment in advanced laser photography as to make it uneconomic. It begins with the need to sculpt a wax model of each of the images in the hologram, to the final size, for the camera to photograph by laser light. American Bank Note puts its investment at several million dollars.

Beyond the high-security cheque guarantee card, both engineers foresee years of development as optics and electronics interact more closely. The hologram—"an engraving at 17,000 lines to the inch," as Thorpe sees it—is clearly in competition with attempts to put silicon memory chips into cards to store data.

David Miller believes that within five years PMI Data will be able to put a good portrait of the owner on a card using its automatic photography. For top security situations this can even be taken to the stage of scrambling the picture but for mass-production it needs a more elegant way of transferring passport photographs electronically to the inside of the card.

Cost of manufacture is the obstacle at present. A standard plastic card costs about 10p to produce. The new high-security cheque guarantee card costs 25p-30p in mass-production. A card with a photograph of the owner costs about £1. A card with a photograph in the form of a hologram would cost about £100.

PRINTING

Cambridge Consultants improve ink jets

BY GEOFFREY CHARLISH

CAMBRIDGE CONSULTANTS, which is part of the Arthur D. Little research and consulting group based in Massachusetts, has developed methods which will keep the minute droplet-forming nozzles of ink jet printers clear.

It is an important development says ADL, because periodic blocking has restrained widespread commercialisation of the technique, which otherwise has great potential for flexible, high speed printing.

In ink-jet printing, a stream of very small ink droplets from a fine nozzle are deflected by a computer-controlled electrostatic field so that, as they strike the paper, they form characters or graphics. What appears on the paper is immediately alterable by change of computer program—the type fount, for example. The system has another advantage of printing at very high speed on virtually any kind of surface.

Apparently the Cambridge labs have solved the problem of clogging by developing new ink formulae and better filtering and jet-flushing techniques.

According to Dr Graham Martin, senior consultant at CCL, the devices have enabled clients to run machines with up to 100 nozzles "with assured reliability." Martin thinks that similar techniques will be able to accommodate arrays with thousands of nozzles.

While ink-jet printers are not yet foolproof enough to replace for example photocopiers in the office environment, CCL says they are making inroads into the area of industrial printing. Already the company has developed a factory printing press that can create images on a continuous web of paper at 1.8 metres per second, controlled by a single operator equipped with a video display and keyboard.

Another design can reproduce both monochrome and colour photographs at a dot resolution approaching the quality of offset printing. More on 0223 358855.

UNIVERSITY RESEARCH

Cleaning up oil deposits

A HULL University chemist has been awarded a major grant for research which could boost the flow of precious North Sea oil.

Dr Robert Aveyard has been given over £79,000 by British Petroleum to investigate a new process which can be used to counter the astonishing inefficiency of oil drilling.

At present around two-thirds of crude oil is left behind in oil wells trapped in porous rock. However, Dr Aveyard is now investigating a chemical process designed to change the makeup of the oil as it is forced through the rock enabling more of it to be pumped to the surface.

The process uses detergents, similar to washing up liquid which work off the surface tension between the oil and the salt water to reduce the pressure required to force the oil through the rocks. Many other researchers around the world are looking at similar techniques.

Dr Aveyard said yesterday: "It's an amazing fact that so much oil is left behind in the wells and the oil companies would obviously like to make the process more efficient. My work involves understanding the basic processing involved which ought to help them find a formulation to actually use in oil wells and boost production." The grant is to run for three years.

ENERGY

Cross-channel links

HONEYWELL Information Systems has been asked by the Central Electricity Generating Board to supply five minicomputers to share, with similar equipment in France, remote control of the 2,000 MegaWatt cross-Channel power link being jointly constructed by the CEGB and Electricite de France (EdF).

The link, due to start operation in two stages in 1985 and 1986, will supplement the generating capacity of the English and French electricity industry by switching current at the two systems' different peak times.

The power will be transmitted as direct current through cables entrenched in the bed of the English Channel, and terminating at Sellindge in Kent and Les Mandarins near Calais.

Supervision of the exchange will be controlled alternately by two computer systems at the English grid control centre (in East Grinstead) and the French centre (at Lomme, near Lille).

The supervisory control computers will communicate with the local control at Sellindge and Les Mandarins provided by other manufacturers.

These four locations and the national control centres in London and Paris will also be linked by a bilingual message system based on distributed real time interface equipment developed by Honeywell.

These will help operating staff in the daily management of the link and in determining power exchanges. Bilingual messages will be used to overcome language difficulties.

All component systems will be inter-linked through duplicated communications links to facilitate full integration and control of operations on both sides of the Channel.

MAURICE SAMUELSON

Unions dig in for long fight over GCHQ ban

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE BRITISH trade union movement is now preparing for a long war of attrition with the Government over the ban on trade unions at the Government communications headquarters (GCHQ) at Cheltenham, Gloucestershire.

A first battle in that war is over the allegiance of a core group of employees at Cheltenham. Union leaders who attended a closed meeting of some 800 GCHQ employees last Friday night were delighted to find that many senior members were adamant that they would not leave their unions, and that a few non-union members who attended the meeting joined up.

Several hundred, including many in the most senior grades, are now thought to have signed "Option C" – the form published by the unions which commits the signatory to remain a union member while pledging that he or she would take no industrial action to disrupt intelligence work.

Many of those who spoke at the meeting, including a number of GCHQ managers, said that the level of efficiency at the centre had fallen and would never reach previous high levels again.

Those who had signed away their right to union membership were said by their colleagues to be under great pressure, and to be deeply resentful of GCHQ. management and of Mrs Margaret Thatcher, the Prime Minister.

Mr John Ward, the general secretary of the First Division Association – which organises the most senior civil servants – said the meeting showed that people were now prepared to stand up against the government ban. "I am sure we can keep a core of people at Cheltenham in the unions. It will be very interesting to see if the Government attempts to dismiss them."

A meeting today of the Trades Union Congress (TUC), finance and general purpose committee – the inner cabinet of senior union leaders – is expected to renew the call made on Friday by Mr Len Murray, the TUC general secretary, for demonstrations of support tomorrow and to commit the TUC to giving financial aid to those at Cheltenham who held out against the ban. They may also discuss whether unions should withdraw from tripartite forums such as the National Economic Development Council (NEDC) at least while the ban remains.

Powerful voices, including those of Mr Moss Evans of the Transport and General Workers, Mr David Basnett of the General and Municipal Workers, Mr Alan Tuffin of the Communications Workers and Mr Bill Keys of the print union Sogat 82, have called for withdrawal from the NEDC.

Many union leaders privately admit that the response to the TUC call for sympathetic action tomorrow will be patchy. Public sector workers are thought most likely to act. Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, has called on his members to support the call, as has Mr Rodney Bickerstaffe, general secretary of the National Union of Public Employees.

Engineer to study private power utilities

By Maurice Samuelson

TAYLOR WOODROW, the civil engineering group, is to conduct a feasibility study of private generation of electricity at two power stations owned by the Central Electricity Generating Board.

Taylor Woodrow Energy will examine the prospect of privately operating plants at Plymouth and Carmarthen Bay with Balfour Beatty, a specialist in power station design and operation.

The study has been prompted by last year's Energy Act breaking the monopoly of the state-owned electricity producers and obliging them to encourage the development of private power utilities whose output would be purchased for the national grid.

Both power stations are in parts of the country where the CEGB's generating capacity is thinly stretched and where privately produced power might make a useful contribution to the system.

Disagreement delays disposal of Jaguar

BY KENNETH GOODING AND PETER RIDDELL

THE TIMING of the sale of Jaguar Cars by BL has been held up by a continuing argument in Whitehall about the form of the disposal.

The probable option is a flotation on the stock market, either via an offer or a placing of all the shares in Jaguar. Special provision will be made for a large shareholding for existing management and employees, while the remaining tiny minority of non-Government shareholders in BL will be given preferential treatment.

The Government's failure to reach a decision – which BL expected last week – has upset the timetable. It seems unlikely that Jaguar will be sold by the middle of this year as the BL directors had hoped, though there is still some talk in Whitehall of a late spring flotation.

An announcement is hoped for in the next couple of weeks but a number of complications have arisen. These are partly to do with BL's position as a publicly quoted company which means that its directors cannot sell a major asset at an artificially cheap price. This point has excluded a buyout at a low price by management and staff.

Ministers have also rejected both a sale to a foreign buyer and BL's preferred option, backed by the Department of Trade and Industry, of retaining 20 to 25 per cent of Jaguar's shares.

The BL board seems reluctantly to have accepted the Government's decision that BL should not retain any shareholding in Jaguar. BL wanted to continue to benefit financially from the latter and to cement continuing trading links within the group.

The BL board is considering the implications of not having access to 20 per cent of Jaguar's profits, including the maximisation of the flotation price to replace the lost income.

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BARCLAYS

FOREIGN EXCHANGE CENTRE

UK NEWS

MPs set to oppose Barclays reshaping

By Peter Riddell, Political Editor

THE BILL to permit the reorganisation of the Barclays Bank group of companies should obtain its second reading in the House of Commons on Wednesday – but only after an unusual public debate about the bank's affairs.

Three Labour MPs have already formally registered their opposition to the measure, while the Banking, Insurance and Finance Union (Bifu), is urging MPs of all parties to oppose it.

The Bill is a private one since, in contrast to either a public or a private members' Bill, it affects a particular rather than a general interest.

The measure provides for a reverse takeover by Barclays Bank International (BBI) of its parent, Barclays Bank. After the scheme goes through, the names will be changed, leaving unaffected the position of the Barclays group as a publicly quoted company.

This unusual device is apparently the easiest way of merging the two entities which, Barclays says, will improve both co-ordination of administration and accounting systems and customer services.

Opposition to the Bill is also being mounted by critics of the banks' involvement in South Africa.

No radical reform in prospect for insolvency law

BY ALISON HOGAN

THE GOVERNMENT will publish tomorrow its long-awaited White Paper (policy document) outlining a revised framework for insolvency law.

The proposals will fall far short of the radical reform recommended by the insolvency review committee headed by Sir Kenneth Cork, which was set up by the Labour Government in 1977.

The Government will outlaw "cowboy" liquidators, as the Cork report recommends, through the introduction of minimum qualifications for insolvency practitioners.

The White Paper will also include proposals to increase the penalties against irresponsible directors, making them personally liable for their companies' debts when they have been wrongfully trading, and limiting the circumstances under which they will be allowed to set up another company.

However, the Government will not recommend a big overhaul of the insolvency procedures, which the Cork report described as "cumbersome, complex, archaic and over-technical".

It does, however, recognise the need to encourage the continuation and disposal of a debtor's business as a going concern and has adopted Cork's suggestion that the courts should appoint administrators to help a company in financial difficulties.

The administrator would have the normal powers of a receiver and manager and be able to ban the disposal of assets for 12 months if the assets are necessary to keep the business going.

That is similar to the practice in the U.S. where a company can continue operating without having to pay any interest on its debts while it attempts to reorganise its capital base and stay solvent.

Cork proposed a reduction in preferential claims to ensure a fairer distribution of assets. The report says preferences for rates, income tax, and some other taxes should be abolished. As the result would be a loss of revenue for the Government, it is not expected to go along with the proposal.

The Government is more likely to bow to pressure to stop utility companies that provide services such as gas or telephones, from cutting off essential supplies to a company because of non-payment of bills when other creditors' demands have been temporarily suspended to allow the business to continue

The Government has been slow to follow up the 460-page Cork report, which was published in June 1982, and there were widespread fears that it would be buried. But in October, last year, the Department of Trade and Industry bowed to persistent lobbying from Sir Kenneth Cork and announced that it intended to bring in legislation in 1985.

Call on Ford to consult workers

By John Lloyd, Industrial Editor

SHOPFLOOR leaders from most of Ford's European car plants have called for full consultation on all the company's plans, a ban on any investment in one country which leads to disinvestment in another and shorter hours throughout the company.

The plant leaders, meeting at the Transport and General Workers Union Eastbourne centre at the weekend, issued a statement which claimed that all the plants would act in mutual solidarity if the future of any was threatened.

The UK's Dagenham foundry and some petrol engine production the Republic of Ireland's Cork assembly plant and the Portuguese plants are the locations immediately at risk. The Ford unions in the UK have called out the 19,000 workers at Dagenham on strike over the planned closure of the foundry from next Monday.

Mr Bill Hayden, Ford's European vice-president in charge of manufacturing, has warned that the strike would further damage Dagenham's prospects. Mr Barnie Passingham, a Dagenham convener who organised the weekend conference of European stewards, said yesterday, however, that he expected a solid show of strength next Monday if the company did not return to negotiations.

Contested bid for London Brick by Hanson 'on knife edge'

BY RAY MAUGHAN

THE £247m contested bid for London Brick by Hanson Trust, the industrial holding company, is balanced on a knife edge. As one of the directors of a leading institutional shareholder in the brick manufacturer said at the end of last week: "This is the tightest bid for the last year. I do not know what our decision will be."

The investment managers of the institutional funds never usually make up their minds whether to accept a bid until the last moment. For many, the final decision will only be made today and no acceptances will be delivered until just before the deadline tomorrow

But it was becoming apparent last Friday that several funds, notably those controlled by the life assurance companies, were deciding to reject Hanson's 165p-a-share cash or 175p nominal of loan stock terms.

The assurance companies have been described as the shop stewards of the investment industry and, as a group, were roundly attacked by the advisors to BTR for their initial failure last June to accept BTR's bid for Thomas Tilling.

Many arbitrage speculation positions were closed 10 days ago at 162p–163p a share when broker Hoare Govett, acting for Hanson, went into the market and lifted the bidder's stake in London Brick to 29.92 per cent, including the 2 per cent acceptances already disclosed.

But one director of a substantial institution said last week that the cash offer was "too close to the portfolio investment value of the shares. The convertible loan stock offer gets nearer but it is still short."

Lex, Page 16

BT and Mitel in £25m deal

By Guy de Jonquieres

BRITISH TELECOM (BT) has contracted to buy at least £25m of products between now and March next year from Mitel, the Canadian telecommunications manufacturer.

The contract covers three small private branch exchanges (PABXs) already being sold to BT and two models of extension telephone. The equipment will be supplied from Mitel's plant in Caldicot, Gwent, South Wales and shipments will start immediately.

Mitel is guaranteed a minimum value of purchases, but the contract does not specify from the outset the precise quantities in which each type of product will be ordered.

UK NEWS

Brokers claim North Sea revenue underestimated

BY DOMINIC LAWSON

THE GOVERNMENT has underestimated its revenues from the North Sea, according to stockbrokers Scott, Goff, Hancock. In their UK Oil and Gas review, published today, the brokers predict that gross government revenue from the North Sea in the fiscal year 1983-84 will be £9.7bn, as against the £9bn forecast in the Chancellor's autumn statement.

They point out that at the time of the last budget the Government forecast North Sea revenues for 1983-84 at only £8bn and that Scott Goff had also judged that figure to be too low.

The brokers go on to forecast that gross revenue from the North Sea will amount to £10.4bn in the fiscal year 1984-85, £900m more than the Government's own estimate. They say that Government revenues from the North Sea will peak in real terms in 1986-87.

The report estimates that expenditure on North Sea developments will be £3.3bn this year, up from £2.84bn in 1983. It considers that UK oil production will be 2.5m barrels a day this year, as against 2.29m b/d in 1983. The brokers say, however, that production will peak in 1985 and then go into steady decline.

The brokers believe the tax concession in the last budget will be reflected in a growing number of oil and gas discoveries and an acceleration in the plans of companies to develop their discoveries.

Enterprise Oil, the North Sea oil arm of the British Gas Corporation due to be floated on the stock market later this year, will be active in acquiring other companies, according to the report.

Looking at companies already quoted on the stock market, the report recommends Carless Capel, Charterhouse Petroleum, Clyde Petroleum, Goal Petroleum, Lasmo, and Saxon. It feels that Cluff Oil, Hadson, and Tricentrol are "unattractive in relation to opportunities elsewhere in the sector."

On the international front, Scott Goff believes that the outlook for crude oil prices remains unexciting for the foreseeable future, and that in the next five years Opec can hope for no more than maintained oil price in real terms.

● The British Gas Corporation has come up with new and ever more ingenious ways to delay the forced sale of its £160m stake in the Wytch Farm oilfield in Dorset.

British Gas is seeking guarantees from the bankers of the Dorset Bidding Group, the buyers, in the event that any of the companies in the group goes into liquidation.

The draft of the Wytch Farm deal provides that the Dorset group, consisting of Tricentrol (35 per cent), Premier Consolidated (25 per cent), Carless Capel & Leonard (15 per cent), Clyde (15 per cent) and Goal (10 per cent), pay £80m initially and a further £80m when production from the oilfield reaches 20,000 barrels a day for 45 days uninterruptedly.

British Gas wants the bankers behind the bidding companies to guarantee that those payments will be met even if one or more of the companies is liquidated. In addition, British Gas wants the banks to guarantee that they will ensure that all the licence obligations of the companies will be met after any liquidation.

The second objection from British Gas concerns its relationship with BP, which holds the other 50 per cent of the field, and which will operate it when British Gas relinquishes its stake.

Under the terms of the British Gas/BP partnership there is an indemnity clause designed to compensate BP against any errors committed by British Gas as operator.

British Gas wants release from the indemnity clause from the day that it ceases to be operator.

Taxation burden 'heaviest on poor'

By John Lloyd, Industrial Editor

THE POOR in Britain are now the most heavily taxed in Europe, according to a new report from the Low Pay Unit.

Taxes on the wealthy have declined sharply since 1979 to a point where they contribute only 3p in the pound, 25 per cent less than five years ago.

Taxes on the average family however have increased by 6 per cent over the same period, while the low paid have seen their tax bill double.

Britain has a higher starting rate of tax on the low paid than any other EEC country, according to the report. Its is also higher than that applied in the U.S., Canada or Japan.

The report appears at a time when the Chancellor of the Exchequer is expected to take a number of the low paid out of the tax system, or "poverty trap," in next month's budget.

● Growth in average earnings could pose a threat to the Government's hopes of holding down inflation without choking off economic recovery, the stockbrokers Simon & Coates, says in its latest review of the British economy.

Government faces tax ruling challenge

BY IVOR OWEN AND PETER RIDDELL

THE GOVERNMENT will be challenged this week to explain and to reverse the Inland Revenue's decision to tax building societies' profits from trading in gilt-edged securities (government stocks) at the full corporation tax rate.

The move has already been strongly criticised by MPs of all parties, and the Labour Party will this week consider whether to attack the Government on this point in the House of Commons.

Dr Oonagh Mcdonald, one of Labour's economics team, said the tax move could affect the amount of interest people paid on their home loans. The matter is also likely to be considered by the all-party Treasury and Civil Service Committee of the House of Commons. Mr Terence Higgins, its chairman, said at the weekend he would be consulting his colleagues on the committee about "the need to investigate the extraordinary timing of the announcement and the disorder it caused in the gilt-edged market at the end of last week.

The committee will have the chance to examine the implications of the decision when it takes evidence from Treasury and Bank of England officials after the budget next month.

Defending the decision during a weekend visit to Chesterfield in the by-election campaign, Mr Patrick Jenkin, Environment Secretary, said the Inland Revenue had been "perfectly entitled" to take such a decision.

He tried to dampen fears that the move would hold up the hoped-for cut in the mortage rate. Mr Jenkin suggested that any mortgage rate decision was more likely to be influenced by the level of interest rates generally than by any marginal change.

Action group set up by Volvo car owners

BY OUR MOTOR INDUSTRY CORRESPONDENT

THIRTY-SIX Volvo car owners whose 300-series automatics have been involved in mysterious incidents formally set up a Volvo Owners's Action Group at the weekend. It is probably the first time a group of this kind has been formed in Britain, although similar organisations are quite common in the U.S.

Some 126 people involved in incidents with Volvo 300 automatics have been in touch with the action group and will be invited to join now it has been formally constituted.

Most complaints have been of cars setting off at speed from a standing start. Volvo Concessionaires, the Lex Group subsidiary that imports the cars, last year had the cars independently investigated by the Motor Industry Research Association and the Department of Transport, but no manufacturing or design defect was found, nor could the accidents be re-created under test conditions.

At the action group meeting, however, it was suggested, that the problem might be caused by the throttle cable kinking near the accelerator pedal. One member said he had re-created the conditions on a test bench, and the throttle cable snapped back into position at a simple touch. That might be the reason no fault could be found when cars had been checked after accidents, he said.

NFC announces large share revaluation

BY GARETH GRIFFITHS

THE employees who bought £1 shares in the National Freight Consortium (NFC) two years ago, have seen their shares revalued to £2.80, the consortium's annual meeting was told on Saturday.

About 2,000 of the 13,000 employee shareholders went to the AGM held at Wembley Conference Centre in London. The latest independent share revaluation means the average shareholder who purchased £700 worth of shares now has an investment worth £3,840.

NFC intends to halve the nominal unit value of each share from £1 to 50p in order to increase the total volume of stock and to encourage more widespread purchase of shares by the rest of the employees in the 23,000-strong workforce.

NFC employees, their families and pensioners now own 82.7 per cent of the equity and the banks 17.3 per cent.

Sir Peter Thompson, the NFC chairman, said there would be an extraordinary general meeting to discuss any final decision on the proposed involvement in a consortium that wants to buy Sealink, British Rail's ferry subsidiary. The Sealink deal was an exciting possibility and would help NFC to become a more broadly based international transport group.

Charterhouse Japhet, the merchant bank that assembled the consortium, approached NFC nine months ago.

Doubts surface on Reuters' share restructure plans

BY CHARLES BATCHELOR

THE REVISED share structure of Reuters, the international news agency, is unnecessarily complicated and may present many investment managers with a difficult choice about whether to subscribe for the shares.

This was a widespread reaction in the City of London to the announcement from Reuters last week that 25 per cent of its shares would be reserved for its existing newspaper shareholders with four times the voting rights of the shares to go on offer to the public.

Whether investment managers' distaste for unequal voting rights attaching to different classes of share means that they will refuse to subscribe, for fewer shares or expect the price to include a discount is unclear, however.

The next 2½ months up to the planned mid-May flotation will in any case be a period of intense debate among pension funds, insurance companies, stockbrokers and investment trusts over the merits of the new share structure.

Apart from City of London doubts about the proposed flotation, Reuters will also have to contend with continued criticism from a small number of Labour MPs and concern among its own workforce about the company's share incentive scheme for senior managers.

Mr Conor Fahy, an analyst with stockbrokers Teather & Greenwood, said: "The share structure of Reuters is so complicated it will affect the share price. It is rather like the horse designed by a committee – they have produced a camel. By having both A shares with extra voting rights and a founders' share controlled by the trustees they have gone in for overkill."

Mr Eric de Bellaigue of stockbrokers Grenfell & Colegrave said: "The restricted voting rights of the ordinary shares must be regarded as having a marginally negative influence."

A number of investment managers also expressed doubts about the plan. "The chaps who put up the money should have the votes," said one.

A number have bitter memories of trying to influence the boards of companies which have normal share structures and do not relish the prospect of contending with a company where their powers are restricted from the start.

They are keen to remove some of the mystique which has grown up around Reuters. The company does not have a monopoly in its field and is vulnerable to the entrance of new competitors in its markets, they said.

Institutions might voice their displeasure by refusing to underwrite the share issue although they would be willing to take up the shares.

They could also instruct managers of their active portfolios, who are given great freedom to seek out attractive special opportunities, to avoid the Reuter shares. The managers of passive portfolios, who aim to keep their yields in line with the FT All-Share Index, would probably have to include the stock in their lists however, given its likely importance in its sector of the stock market.

Analysts agreed, however, that while some institutions might be barred by their trust deeds from investing in restricted voting shares, other factors will have a stronger influence over the willingness to invest.

Reuters' rapidly growing profits will be a major incentive. Pre-tax profits at the news organisation rose 123 per cent to £36.7m in 1982 from £16.4m the year before. Mr Nicholas Ward of stockbrokers Henderson Crostwaite forecast a 1983 pre-tax profit of £50m last November, but said he now expects profit of £60m–65m.

Reasons for the upward revision were the buoyancy of world financial markets – to which Reuters sells its electronic business information services – and the recent strong performance of companies such as Extel and Datastream, which also distribute financial information.

Mr Fahy said be expected Reuters to announce a 1983 profit of £55m, rising to £75m-£80m in the current year ending in December. The success of the Reuters flotation, which is expected to be carried out in both London and New York, will also depend on the numbers of shares on offer.

The public offering will be made from the B shares, which will comprise about 73 per cent of Reuters total equity. No decision has yet been taken on how many will be placed.

This will depend partly on how many new shares are created by Reuters to meet its own funding requirements, and how many shares the existing newspaper owners are willing to sell.

Analysts generally expect no more than 25-33 per cent of the shares to be placed. Any more and investors' willingness to subscribe, particularly in the light of the limited voting power, would be overtaxed, they said.

Much will also depend on the time limit set on any further sale of Reuters shares if the company and its financial advisers decide to place the shares in more than one tranche.

Nuclear treaty may be broken, inquiry told

FINANCIAL TIMES REPORTER

THE INSPECTOR at the Sizewell B inquiry is being asked to reject the power station plan because of the alleged risk of the nuclear non-proliferation treaty being breached.

The enviromental pressure group Friends of the Earth has told the Inspector, Sir Frank Layfield QC, that the Westinghouse Corporation of the United States could try to use a loophole to sell its pressurised water reactor to customers forbidden under U.S. law.

Mr Walt Patterson, a witness for the group, claimed the go-ahead for Sizewell B, which is based on the reactor developed by Westinghouse, would open the way for the corporation to benefit from export contracts by virtue of UK complicity thereby evading U.S restrictions.

Mr Patterson said international nuclear commerce was conducted with inadequate safeguards against weapons development. He said a go ahead for Sizewell B would indicate the British Government's endorsement of efforts by Westinghouse to circumvent its own national legislation controlling nuclear exports.

But Mr Patterson told Lord Silsoe, leading counsels for the Central Electricity Generating Board that he was not suggesting that the UK nuclear industry would deliberately help Westinghouse find loopholes in U.S. law.

UK NEWS

LONDON BUSINESS SCHOOL'S ECONOMIC OUTLOOK

Inflation rate expected to stay around 5% in next three years

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE LONDON Business School has become considerably more optimistic about the Government's chances of holding back the forces of inflation for the rest of this Parliament.

In its latest forecast, published today, the school's centre for economic forecasting suggests that the inflation rate will remain at about 5 per cent until 1987. It is predicting that the yearly increase in the Retail Price Index (RPI) will be 5 per cent towards the end of this year, falling to 4½ per cent by the end of 1985 then rising to 5¾ per cent in 1987.

This forecast, which partly reflects a much improved financial section of the centre's model of the economy, is accompanied by a firm re-emphasis of the role of monetary discipline in tackling inflation.

The new prediction is a substantial change from the last forecast published in October, when the centre said the inflation rate (measured by consumer prices) would rise steadily to 7½ per cent by 1987. This prediction has been revised to just under 6 per cent. These figures are slightly higher than the inflation rate measured in terms of the RPI, which was not previously predicted by the centre.

The extent to which the inflation rate has fallen in the last two years has surprised the school in common with most other forecasters. It thought that the persistently high growth of the money supply would lead to some acceleration of the inflation rate.

It now believes, however, that much of the growth of different measures of the money supply, particularly sterling M3 (cash and bank balances) has reflected changing financial behaviour rather than an underlying acceleration in the demand for money.

The school believes that behind these notoriously confusing signals given out by the monetary statistics policy has remained fairly tight. Its latest projections are based on the belief that the Government will maintain tight financial policies as an overriding priority, if the inflation rate should show signs of going above about 5 per cent.

The school thinks that in the short term these tough anti-inflation policies would involve some slight penalty by depressing output growth below what it would otherwise have been, and this is reflected in the forecast.

Nevertheless, it believes that a stable inflation rate can be consistent with continued moderate growth in the economy and a slow reduction in the number of people unemployed from an adult total of 3m in 1983 to 2½m in 1987.

The combined effects of a fairly tight monetary policy, moderate inflation and a slower rise in average earnings would help to keep the pound steady on the foreign exchanges during the period. This would tend to keep import prices from rising in sterling terms and would, therefore, help in its turn to keep the inflation rate steady.

This view of the future is in contrast with the more pessimistic outlook of the National Institute of Economic and Social Research published last week. The institute believes a less virtuous circle of cause and effect will be established – a rise in import prices raising domestic inflation and giving an upward push to wage settlements.

The rising UK inflation would in turn tend to depress sterling. On this view the institute is predicting an inflation rate of nearly 8 per cent by the end of next year.

The London Business School, while disagreeing with this outlook, acknowledges the uncertainty.

Economic Outlook from the London Business School Centre for Economic Forecasting, Gower Publishing, Gower House, Croft Road Aldershot, Hampshire, GU11 3HR. Subscription: UK £80, Europe $170 all other territories $210.

FORECASTS FOR THE UK ECONOMY

annual percentage change	1983	1984	1985	1986	1987
GDP *average of output and expenditure measures*	2.7	2.8	2.1	1.7	1.2
Consumer spending	3.7	2.6	1.9	2.0	1.7
Exports	1.3	4.8	3.3	2.6	2.1
Imports	5.4	6.2	2.5	3.7	3.2
Retail Price Index (fourth quarter except 1986 and 1987 which are *average* for year)	5.0	5.0	4.5	4.8	5.6
Unemployment (adults, million)	3.0	2.9	2.8	2.6	2.5
Current account of balance of payments (£bn)	1.7	0.0	1.5	1.5	0.5
Public Sector Borrowing Requirement (financial year £bn)	10.0	8.2	7.3	6.2	6.0

Hopes rise for new technology agreement

By David Goodhart, Labour Staff

THE CHANCES of a national enabling agreement for single-keystroking in the provincial newspaper business have been given a substantial boost.

The National Graphical Association, the main printing craft union, and the *Newspaper Society*, the provincial press employers' body, formally agreed to a five-newspaper survey of the manpower effects of single-keying.

That agreement had been expected but none the less opinion on both sides of the industry is now far more optimistic about doing an overall deal than was the case six months ago. The talks on single-keying – launched by the employers at the end of 1982 – have, however, barely begun.

The new technology also raises the spectre of inter-union conflict between the NGA and the National Union of Journalists (NUJ) over the editing of copy on visual display units and over page make-up.

The Newspaper Society has had preliminary talks with both the NUJ and Sogat and Mr Tony Dubbins, general secretary-elect of the NGA, said last week that he hoped *that all three unions could sort out* their differences. Even if that is possible the NGA itself still has major reservations.

The reason is clear. The Newspaper Society has admitted that if the unions accepted a national agreement, about 35 per cent of the Society's 1,100 titles would be using single-keying within four years. The employment implications for the 11,000 NGA members in provincial papers have yet to be formally calculated but it is generally agreed that a substantial number of jobs could be lost.

New pollution legislation urged

David Fishlock, Science Editor, examines a report on progress in pollution control which recommends an international review of dumping in the North Sea.

NEW LEGISLATION to curb pollution from straw burning by farmers and smoke from diesel engines are among the 52 conclusions and recommendations of last week's wide-*ranging report from the standing* Royal Commission on Environmental Pollution.

Its appraisal of Britain's progress in pollution control in the last 10 years ranges from praise for the safety record of the nuclear industry to concern about the use of the North Sea as an industrial waste dump, and about the pollution potential of newer industries such as electronics and bio-engineering.

Straw burning: Widespread public criticism last year helped to draw attention to a form of pollution "which we believe calls for more reliable methods of control if it is not to become a regular problem", the report says.

The commission wants the Government to announce a ban on the burning of stubble to take effect in five years. It believes that only such a measure will oblige the "*necessary investment to develop ways for* the profitable use of the surplus straw", for example as animal feeds, fuels, or soil conditioners. It also recommends more Government research into these uses.

Motor vehicle exhausts: The ideal engine would emit only water vapour, carbon dioxide and nitrogen – all harmless. In practice engines also emit nitrogen oxides, carbon monoxide, hydrocarbons and particulates, including lead. Exhausts are the main source of air pollution by these agents, the report says.

It warns the Government that, in implementing its intention of introducing unleaded petrol, no increase should be permitted in cancer-causing hydrocarbon emissions from vehicles.

The report also finds smoke emissions from diesel engines "in many circumstances at an unacceptable level." It urges more Government research into electronic engine control for diesels, and better methods of assessing smoke emissions from diesels.

The commission recommends new legislation "to enable local authorities to take proceedings directly against operators of vehicles emitting excessive smoke."

Acid rain: The report acknowledges "*uncertainties over the origins and effects of acid deposition,*" but says 63 per cent of sulphur dioxide and 46 per cent of nitrogen oxide emissions in Britain come from power stations.

The Royal Commission accepts estimates from the Central Generating Board (CEGB) that flue gas desulphurisation – "the best developed technology" – to remove sulphur dioxide alone will add about 10-15 per cent to the generation cost of coal-fired power stations, and increase electricity costs overall by about 6 per cent.

The report recommends a high priority for further research on acid deposition, "in particular the causes and effects, on the interaction with other pollutants, and on remedial action."

It also urges the CEGB to make pilot studies in the next five years of the technologies already available *for reducing sulphur dioxide* emissions. It argues that this would be prudent "not least to gain appropriate technical experience and to encourage relevant innovations in British industry." It would also avoid the risk of expensive crash programmes using imported equipment.

Energy production: The report endorses the statement made in an earlier review from the Royal Commission, their sixth report on nuclear energy in 1976, namely that it favours "an energy strategy that offers the prospect of least environmental harm." It urges highest priority for an appraisal of alternative energy scenarios "in preparation for a possible progressive shift away from fossil fuels."

The commission praises the safety record of the nuclear industry and says that until the UK finds "a secure and *environmentally* attractive alternative it would be wrong to discard the expertise gained from several decades of nuclear power development."

It supports a "modest increase in nuclear power capacity as part of a strategy for reducing dependence on fossil fuels as a primary energy source and for reducing the polluting effects of their combustion."

The report acknowledges that a "rapid extension" of nuclear capacity may emerge as the best way of reducing atmospheric pollution from energy production. But it urges the Government to heed the principles of its sixth report, particularly on safety and radioactive waste disposal.

Pollution at home: Because of recent public concern, the report looks at the previously neglected subject of indoor air quality in detail. It finds that although people are exposed to "a *very* wide range of substances contaminating the air in their homes and in other buildings," the risks are small, with the exception of tobacco smoke.

Radon in homes: Radon, a naturally occurring radioactive gas which seeps from the ground, is the "single greatest source of radiation to the general public," providing about one third of the annual dose. But recent measures suggest that about 1,000 British homes may be 10 times as radioactive as the average from this source.

The report's concern lies with increasing custom to seal homes against heat leaks, which also seals in the radioactive gas. It recommends that priority be given to finding effective remedial measures for existing houses where radon concentrations "are such as to cause anxiety" and preventative measures for new homes.

It urges that Britain should adopt the same design limits on radon concentrations in new homes as apply in Sweden and the USSR.

Formaldehyde in homes: Despite recent publicity of the alleged hazards of the gas seeping from cavity wall insulation, the report sees no *justification* at present for further regulations on the use of formaldehyde or the ending of its use in cavity wall insulation.

Asbestos in homes: It acknowledges the widespread public concern about asbestos in old buildings and power stations but finds "no appreciable risk to the general public from exposure to asbestos in household articles or in other products containing white asbestos provided they are in good condition." But it warns builders and DIY enthusiasts that they may be put at risk during house improvements.

The report calls for an independent international review of the dumping of industrial wastes in the North Sea. Although the commission has found no substantial threat at present, it believes the future health of the North Sea "cannot be assured if the present pressures increase." The report also recommends further *studies* on the input and effects of contaminants to the Irish Sea.

Britain's beaches are another serious worry. The commission wants the Government to set an early date, "at least within five years," for the cessation of all tipping of colliery waste on Britain's foreshore, with plans for cleaning up the beaches affected.

Royal Commission on Environmental Pollution. Tenth Report. Tackling Pollution – Experience and prospects. Cmnd 9149. HMSO, £10.75.

Companies break down barriers to new working practices

BY DAVID GOODHART, LABOUR STAFF

A GROUP of more than 50 leading companies is encouraging the introduction of radically new working practices in manufacturing industry.

The companies have been part of an experiment conducted by the Technical Change Centre aimed at breaking down the historic barriers between craft skills in the process industries. They include companies such as BP, Cadbury Typhoo, Allied Breweries ICI, Rolls-Royce and Blue Circle Industries.

Dr Michael Cross, senior research fellow at the centre, said many of the companies had used the workshops to compare notes on agreements they had negotiated for multi-skilled craftsmen, combining craft and process jobs and creating new skilled-unskilled hybrids.

He added: "These agreements are now spreading quite fast among a group of leading companies. Whereas in the past companies have got good agreements on paper but not been able to apply them, these agreements appear to be sticking."

The centre has been monitoring 67 sites owned by 51 companies (most of them workshop participants) where breakthrough agreements have been achieved.

The centre estimates that the new agreements already cover a total of 150 sites – chiefly in the food and chemical industries – employing 150,000 people.

That is still only a small corner of manufacturing industry, but the researchers believe the size and importance of the companies involved will ensure a rapid spread.

Second bid for transatlantic cheap flights

By Michael Donne, Aerospace Correspondent

LOW-FARE competition on the North Atlantic air route may increase substantially this summer if a new airline, British Atlantic Airways, is granted a licence to fly between Gatwick (London) and Newark (New Jersey) at a public hearing this week.

British Atlantic, subject to UK Government approval, plans to offer an introductory single fare of £99 between June 15 and 30, rising to £119 from July 1 to September 15, with a weekend surcharge of £10 on Friday, Saturday and Sunday flights.

People Express, the low-fare U.S. airline, already serves the route, *and will be charging £100 single* this summer. Mr Donald Burr, chairman of People Express, has said that he would welcome competition from British Atlantic, believing that it will stimulate more traffic.

British Caledonian Airways, which holds a London-New York licence, but does not use it, is objecting to the British Atlantic bid, but British Airways is not.

In its detailed submission, British Atlantic says that in the first full year of operation it would expect to carry about 185,200 passengers on the route, compared with 224,800 carried by People Express.

The latter airline, which started operations on the route early last summer, had carried 110,000 by the end of January and plans considerable expansion this summer, with its existing frequency of five flights each way a week rising to a daily service from March 30.

British Atlantic plans to fly daily; using a Boeing 747 with 480 seats, all economy class. There will be no reservation restrictions, but full payment must be made on booking, and no refunds will be given.

This will be British Atlantic's second bid for a North Atlantic licence. An earlier bid, for a specialist business-class Service, was rejected by the Civil Aviation Authority but is to be reheard after an appeal to Mr Nicholas Ridley, Transport Secretary.

THE ARTS

Back in 1959 the artist Julian Trevelyan visited Malta and produced his colourful etchings which evoked so succinctly the character of that stoney island. The texture of those etchings conveys exactly the sense of a place made of limestone. The island is itself of limestone, the walls of the fields and of the houses, the towers and domes of the baroque churches that grace every village are cut, shaped and built of the same smooth stone.

This glorious material is just one of the elements that make up the fabric of Malta. There are two other important ones. The clear and strong Mediterranean light, and the cubic forms of the simplest southern vernacular architecture. The picture is completed by the absence of trees.

Back in 1529 a report was compiled on the suitability of the island as a home for the Knights of St John. It described the qualities of Malta thus: "Residence appears extremely disagreeable . . . an island merely a rock six or seven leagues long, three or four broad, the surface of which is barely covered with earth unfit to grow corn or other grain." Curiously enough, it is the very dryness of the island that has become its best natural resource. There are seven months without rain and this provides a basis for the island's major activity—tourism. Climate is both a benefit and a threat to the very qualities that make the island such a desirable Mediterranean spot.

Malta, fortunately, has one more incomparable asset, namely the distinguished architect who has had a considerable impact on the buildings of the island—Richard England.

It is possible to assess his work in London at the moment at an exhibition he has designed at the London Building Centre, Store Street, London WC1, open until March 9, and also in a new book—*Connections, the Architecture of Richard England 1964-84*, by Charles Knevitt, published in London by Lund Humphries.

What emerges with intense clarity from both the exhibition and the book is that the architecture is a success because it is built as a direct response to the island's landscape and materials. Richard England has also developed a regional language that is both modern and responsive to the island's traditions. His achievement is the more remarkable because he has managed to maintain a high standard of design throughout the tourist

Architecture/Colin Amery

England's achievement

boom, when so many architects succumbed weakly to commercial pressures.

His earliest designs for hotels and holiday accommodation established on the island a new version of the Mediterranean vernacular. His more recent work embraces both that vernacular and his own development of forms that evoke for him, and for us, some of the memories of an inherited architecture. His architectural training followed the orthodox modern lines, and he had a spell under the great Italian structuralist Gio Ponti, but he has never forgotten that he is building in a particular place with its own traditions. Of course he was fortunate that the flat-roofed cubist vernacular of the Mediterranean coincided so neatly with the minimalist tastes of modern architectural thinking. His addition of an understanding of the stone-cutting and beam and lintel construction of the island forged a union between everyday shapes and advances in building derived from modern techniques.

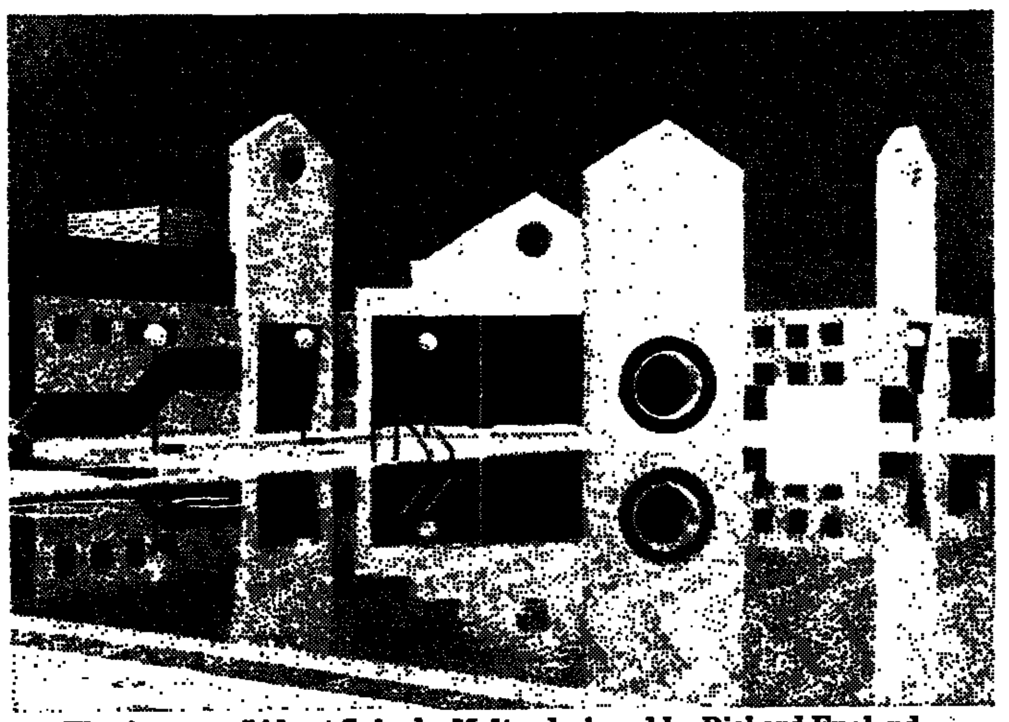
The Festival Tourist Village that England designed in 1970 is a good example of the adaptation of a complex series of modern requirements to a form that appears to belong to the landscape. There are six floors of terraced apartments—on the top level is a pool and club-house. In the stony landscape, the sloping spine walls have their place in much the same way as dry limestone walls. By relating the large complex so successfully to the landscape — at no point does the structure show more than one level above the contours—England has learned from the casbah-like effect of the older closely clustered villages.

The more recent Aquasun Lido seems to me much less of an attempt to fit in — it is more like a conscious work of art —placed exactly where it belongs. It is a swimming club, which England has conceived as an illusory stage. The pool is "L" shaped, filled to the very brim and surrounded by a group of facades and walls designed to suggest the elemental and fragmentary nature of architecture of the past.

pointed walls in a sheet of clear water inevitably remind the visitor of the world of De Chirico or Louis Barragan—a close weave of surrealism and nature. At the same time, the whole place has a calmness that is more Japanese — reflective rather than disturbing.

A recent particularly winning example of Richard England's work is the garden he has designed for his wife Myriam. Here the architect and his wife have achieved a private Arcadia —a sense of a walled paradise, filled with references to the artefacts that have delighted their lives. It is not possible to describe the poetry of this place in a short article—it photographs magically and is full of potent private meanings.

There is much to learn from the appropriateness of Richard England's architecture. He understands the feel of places where he builds and evokes their poetry. He is lucky to have the sun and the fusion of Mediterranean tradition to fuel his vision. Yet his work provides an example for architects working in much greyer climes.



The Aquasun Lido at Spinola, Malta, designed by Richard England

Different Drummer/Covent Garden

Clement Crisp

In turning to Büchner's *Woyzeck* as subject for his new ballet, Kenneth MacMillan has, like editors of the text and producers of the play before him, organised the disjunct material of the original for his own thematic purposes. For MacMillan, *Woyzeck* is an agonised victim of his world—a character he has studied before—but here entirely powerless. Brutalised by the military machine, by insane medical research, by his pitiable love for Marie, he is a man without hope, without a future. To find an aesthetic setting in which to expose this figure, MacMillan has turned to German expressionism, and we are presented with a production and dance manner which has much in common with the drawings of Georg Grosz: nightmare distortions, juxtapositions as wild yet revelatory as Grosz's *A Winter's Tale* portrait of Germany in 1918, are the fabric of the piece, torn from the psyche of its hallucinating anti-hero.

There results an emotional climate of unrelieved horror, a *totentanz* led by the strutting Captain and the crazed Doctor (superb portraits from David Drew and Jonathan Burrows), with the sluttish Marie (Alessandra Ferri) and the sexual opportunist Drum Major (Stephen Jefferies) at the head of a whirling horde of soldiers and their whores, all racing through Woyzeck's bemused head. If Grosz provides an immediate point of visual reference, much of the motivation of the work seems nearer to that other Expressionist, Max Beckmann, who wrote in 1915: "This infinite space, whose foreground has always got to be filled with some rubbish or other, so as to disguise its dreadful depths. What would we poor human creatures do if we weren't always ready to summon up an idea — Fatherland, love, art, religion — to cover up just a little bit of the dark, black hole. This sense of being abandoned endlessly in eternity. This loneliness."

But MacMillan's Woyzeck (in an amazing, desperate and *wholly compelling reading by* Wayne Eagling) has not even the resources of Fatherland, love, religion, art. He is as manipulated as the Bunraku puppets of *Rituals*, and it is to MacMillan's great credit that from the tormenting and tormented images that crowd the stage, he has marshalled a haunting narrative that *reverberates in the mind* long after curtain-fall.

The setting is the Opera House stage itself, and as a fortuitous result of an original design not proving suitable, the ballet was played at Friday night's première against the flats for *Andrea Chénier*, entirely suitable both as vestigial barracks and the "nowhere" of Woyzeck's inner world. The fine costuming by Yolanda Sonnabend is in anonymous no-colours, grey and dusty, with the Drum Major's red coat a sole flame of the life force. The score is a partnering of Webern's opus 1 Passacaglia, used for a first scene to establish Woyzeck's plight, and Schoenberg's *Transfigured Night*.

The torments inside Woyzeck's mind are shown to us as phantasmagoria. He is the brute soldier used for medical experiment; he is obsessed with decapitated heads; he has visions of the deposed Christ, whose feet Marie as the Magdalen wipes with her hair. *He watches* Marie with his child, and sees her coupling with the Drum Major, and is surrounded by soldiers and their whores. He shaves the Captain (a sequence of extraordinary choreographic ingenuity) and knows some solace in the companionship of Andres (a beautifully played performance from Guy Niblett), kills Marie and then drowns himself. And at the last we see the transfigured night of Woyzeck and

Leonard Burt

Alessandra Ferri and Wayne Eagling

Marie as their spirits are reunited, while the Captain and the Doctor wheel their earthly remains across the stage on *mortuary trolleys*.

More fascinating, though, than MacMillan's use of his dramatic material is the dance imagery he has devised. He has rarely ventured so daringly before, though I would cite the last act of *Anastasia* as a forerunner of the ballet's shape, and some of the darkest moments of *Isadora* (the grief duet between Duncan and Paris Singer) and *Valley of Shadows* (the concentration camp scenes) as indications of his ability to find movement that becomes the physical essence of suffering.

The writing for Mr Eagling as Woyzeck pushes to what seem the very limits of dynamic and emotional expression in ataxic, sinuous movement. (Beckmann said of Heinrich von Kleist: "Just think of what he might have been able to achieve if he had been tougher." Well, MacMillan and Eagling are tougher. And they have achieved). *Uncomfortable*, haunting, brave, *Different Drummer* needs to be seen, and seen again.

Bernstein's Elgar/BBC 2

Max Loppert

The BBC's contribution to the current Elgar celebrations was fascinating — not solemn or strait-laced, as in the anniversary-conscious days such events tend to be, but well and carefully addressed both to its subject and to television's peculiar abilities and failings in focusing on music and musicians.

In April 1982, Leonard Bernstein had joined forces with the Royal Philharmonic Society and the BBC Symphony Orchestra to give the British premiere of his own *Songfest*; a by-product was the *Enigma Variations* that occupy the first half.

The concert nad originally been televised and broadcast live. Last Saturday we saw and heard the Elgar part once again, but for the programme the producer Humphrey Burton had spliced the variations with selected filmed episodes from the rehearsals preceding the concert.

The result spread across two hours was a portrait of the work of the conductor (in sometimes tense first acquaintance with an orchestra new to him) and of an occasion. Its record of the temporal, the personal and the historical lent a lively immediacy to all those elements in turn. It could surely not have succeeded in sustaining the mixture, one guesses, without Bernstein—a natural television *showman down to his white* safari jacket and cigarette holder, a naturally effusive temperament, guaranteed to rub up an English orchestra playing the most familiar of English masterpieces entirely the wrong way. But his message of taking the sting out of unspoken prejudices ("You're all thinking, 'what does this *American* know about Royal Elgar?'") gradually won them round.

It could also not have succeeded in holding one intent on the arduous and (even in edited selection) repetitive business of rehearsal without Bernstein's wry wit and vividly painstaking insistence on the fine detail of the score. His view of that score, as I recalled it from the concert itself, and as this programme re-inforced, is highly unorthodox and on the face of it *unidiomatic*. The opening spread out at half the usual speed, some of the allegro variations raced through, "Nimrod" blown into a Wagnerian Adagio, and always a determination to render every felicity of scoring in boldest relief.

Yet just when the viewer's enjoyment of all the uninhibited enthusiasms and the cries of "That's so beautiful!" threatened to spoil for what seemed like Bernstein's self-advertisement, the conductor would show an uncanny knack of saving the moment with a clarification of his methods, that itself revealed mastery, wise musicianship, and genuinely deep commitment to the work. The international exportability or otherwise of Elgar, has long been a subject of disagreement. One of the ways in which this programme can count itself an *excellent anniversary* tribute, was its continual reminder that the best of his music belonging naturally in the European mainstream can stand up to, and reward, unconventional handling by a distinguished outsider.

Squaring the Circle/Manchester

B. A. Young

Josef Stalin in his martial uniform opens the proceedings at Manchester's University Theatre, with a speech in Russian about building the new state. We don't see him again, and that's just as well, for the new state in Valentin Kataev's play as we meet it is a farce. Kataev seems not to have suffered for his disrespect; he went on writing comic successes at least until the middle of the war.

The date here is 1928 and the scene is Moscow. Vasya and Abram, who share a mean room with a poet who is usually absent, each get marreid without warning the other party. So the room is divided in two and the consequent action is old-fashioned farce, with the extra factor that there are jokes about Russian politics

These depend on the well-established ploys we see in television sit-coms, about idiotic love-making, unexpected arrivals, mistaken identities, reversals of anticipation and so on. But what makes Vasya and Abram swop partners after a mere two months is none of these things; it is a political dis*agreement between their wives.*

Ludmilla (Veronica Smart) Vasya's wife, has bourgeois tastes, and fills their half of the room with cushions and curtains and rubber-plants, even a budgerigar. She is also able to get lots of food from a relation working in a co-operative. Tonya (Ingrid Lacey) Abram's wife, is a young revolutionary heroine and cares about nothing but the study of Bolshevist dialectic. Vasya (Robert Warner) is an architect who would rather design buildings than pretend to be a cat to amuse his wife, and Abram (Gary Lucas) is more interested in being fed than in being educated. So an exchange of partners is inevitable. In fact, as Allardyce Nicoll has pointed out, the plot is the same as Noel Coward's *Private Lives*.

It's interesting to see such traditional comedy transferred *to revolutionary Moscow, with* its manifold shortages of food and accommodation, and political study accepted as part of everyday working-class life. There are even jibes at authority. For example, a sentimental Commissar (Stephen Boyes) reconciles his weakness in allowing Ludmilla *to keep her budgie*—a right-wing deviation—by teaching it to whistle "The Red Flag."

The Barber of Seville/Coliseum

David Murray

This is a revival of Patrick Libby's 1978 production for the English National Opera, now with Malcolm Hunter in charge. Rossini's score is in the careful hands of James Judd; there was some sparkling detail on Friday, though the Rossini-crescendoes didn't sweep one away by force, and singers and pit were sometimes out of phase. Those things will doubtless come right with another performance or two, as will, I hope, the comic spirit of the whole affair: the first two acts were much less funny than a good *Barber* should be.

The elements are decently promising. Of the principals, only Michael Rippon's catchy, harmless Dr Bartolo and the Basilio of Richard Angas (credibly creepy, but underpowered for his "calunnia" *aria) are familiar in their roles.* The Count, the Barber and Rosina are all playing to each other for the first time, and on Friday they were gingerly about it. Keith Lewis is the Count, large and somewhat lymphatic for that lively blade, although courageous — and mostly successful — with his high-lying, highly ornamented music. Like his Figaro, Donald Maxwell, he made an agreeably self-satisfied impression at the outset; the mock-drunk scene was a dim sketch, but his pious masquerade for the singing lesson was brighter.

Mr Maxwell's Barber will have more character when he becomes less insistently ingratiating. At least he was always alert. He is after all an operative figure of proven talent, and ought to grow into the role comfortably. If his big set-piece seemed to go by numbers, he was excellent in the ensembles. Miss *Murray's Rosina is a creation of* another order, and she more or less swept the board. Charm, mischief and fire; some brilliant singing, deliciously fluent, with the voice evenly appealing across her full mezzo range (well, just a *slight* edge at the top). She deserves a fiercer Bartolo to test her metal. In classic farce, horrid old guardians should seem to carry some real clout.

Hunting prizes

This year's two major prize-winners in the fourth annual Hunting Group Art Prizes national art competition are Robert Buhler RA with his winning oil paiting *Vineyards, Neuchatel*, and Jane Carpanini

The Lady from Alfaqueque/Upstream

Michael Coveney

The lady in question hails from an Andalusian village pronounced as if you were saying "Albuquerque." By the end of a really grim evening in the Upstream Theatre's converted church hard by the Old Vic (one even begins to regret that the Young Vic is closed, as the hoardings mysteriously declare, "for a bit"), you never want to hear the name of the place again, let alone go there.

The lady is married to a chocolate factory manager in Madrid, and her home is invaded by rip-roaring Andalusian types imbued with the memories of their home town and given to uttering the popular phrase or saying "Blessed Virgin of the medals." The blame, not the medals, should be firmly pinned on the unlikely figure of Harley Granville Barker and, more specifically, his wife Helen whose knowledge of Spanish led her to translate eight comedies, of which this is one, by the Alvarez Quintero brothers — *Serafin and Joachin—of Seville.*

The play—one of 200 such tourist brochures for Andalusia —dates from 1914 and opens a short season at the Upstream by Floorboard Theatre Productions. Without wishing to drive too many nails through what can only be described as a lot of loose planks, the evening almost leaves you cursing those inquisitive critics forever crying out for foreign exotica to broaden our minds and our repertoire. Badly performed nonsense like this will do *nothing except damage the* Spanish tourist trade.

Michael Fry's production features some dubious Andalusian gouaches supposedly *evocative of Alfaqueque which* is somewhere near Seville.

Even in the comparative desert of 20th century Spanish dramatic literature, this enterprise smacks more than a little of barrel-scraping. Come back Valle-Inclan, Lorca, even Arrabal—all is forgiven. Perhaps Floorboards will be repaired in *time for next week's rarity*, Ernst Toller's *Hinkemann*.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 24-March 1

Music

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Patricia Wise soprano, Thomas Moser tenor, Simon Estes bass baritone, New York Choral Artists conducted by Joseph Flummerfelt. All-Haydn programme (Thur). Zubin Mehta conducting, Sol Greitzer violin. Stamitz, Schuller, Tchaikovsky (Thur). Lincoln Center (874 2424)

Carnegie Hall: Vienna Philharmonic, Leonard Bernstein conducting. Haydn, Beethoven (Wed); Mozart, Mahler (Thur). (247 7459).

Merkin Hall (Abraham Goodman House): Michael Cave piano and Delcina Stevenson soprano recital. All-Cave programme (Mon); Guild of Composers with the Mendelssohn Quartet and New Calliope Singers. All-Armin Loos programme (Tue); Ars Musica, Lyndon Lawless director. Mozart, Handel (Wed). 67th W of Broadway (362 8719).

Hakan Hagegard (Kaufmann Hall): Baritone recital. All-Schubert programme (Thur). 92nd St Y 1395 Lexington Av (427 4410).

PARIS

Ensemble Orchestral de Paris conducted by Michel Plasson, Augustin Dumay, violin: Roussel, Saint-Saens, Bizet (Tue). Salle Gaveau (563 2030).

Nouvel Orchestre Philharmonique conducted by Jacques Mercier, Radio France Choir: Offenbach's Bricands (Tue). Radio France, Grand Auditorium (524 1516).

Julian Bream, guitar: Bach, Villa-Lobos (Tue). Salle Pleyel (561 0630).

Pinchas Zukerman, violin, Marc Neikrug, piano (Wed, Thur). Salle Gaveau (563 2030).

Orchestre de Paris conducted by Daniel Barenboim, Rudolf Serkin, piano: Beethoven, Bruckner (Wed, Thur). Salle Pleyel (561 0630).

CHICAGO

Orchestra Hall: Members of the Chicago Symphony, Henry Mazer conducting, Steven Graff piano. Brahms, Gershwin, Grofe (Mon mat.); P.D.Q. Bach, Prof Peter Schickele conducting, Schickele, Beethoven (Tue). (435 8122).

BRUSSELS

National Opera Symphony Orchestra conducted by Gian Franco Xasini with Monserrat Caballe, soprano, Motine Dupuy, mezzosoprano, Ernesto Palacio, tenor and Malcolm King, bass. Semiramide by Rossini (concert version). Palais des Beaux Arts (Tue).

Netherlands Chamber Music Ensemble with Abdel Rahman El-Bacha, piano, Spohr, Poulenc, Schubert. Palais des Beaux Arts. (Wed).

VIENNA

Lieder and Duets with Christa Ludwig and Walter Berry, piano Erik Werba. Schubert, Wolf, Mahler and Dvorak. Konzerthaus, Grosser Saal (Mon) (721 211).

Wiener Symphoniker conducted by Hans Vonk, with Christian Altenburger, violin. Hindemith and Bruchner. Konzerthaus, Grosser Saal (Thur) (721 211).

ZURICH

Tonhalle: Chamber music soiree. Haydn (Mon); Tonhalle Orchestra conducted by Christoph Eschenbach with Justus Frantz, piano. Brahms and Bartok. (Tue, Wed and Thur).

LONDON

Endellion String Quartet: Haydn, Britten and Beethoven. Purcell Room (Mon). (928 3191).

Pinchas Zukerman, violin with Marc Neikrug, piano. Franck, Bach, Tchaikovsky and others. Royal Festival Hall (Tue). (928 3191).

Spectrum. Arditti String Quartet with Claude Helffer, piano, conducted by Guy Protheroe. Xenakis and Jonathan Harvey. Queen Elizabeth Hall (Tue). (928 3191).

WASHINGTON

Vienna Philharmonic (Concert Hall): Leonard Bernstein conducting. Mozart, Mahler (Mon): Kennedy Center (254 3776).

Kalichstein, Laredo Robinson Trio (Terrace): All-Brahms programme (Tue). Kennedy Center (254 9895).

Faust/Bloomsbury Theatre

Rodney Milnes

Spohr's *Faust* (1816), like Gounod's, was composed as *Singspiel* with spoken dialogue. Soon after the Prague premiere (conducted by Weber) extra numbers were added and the two acts expanded into three, and at the request of Queen Victoria Spohr set the dialogue as recitative (very poor) for performances at Covent Garden in 1852. Many at Wednesday's bicentenary revival will have wished that University College Opera had gone back to the original instead of opting for 1852: sung in variable German, this was a long, long evening.

If it seemed longer than it was, this was because for much of the time the music is of routine competence in an idiom half way between late Mozart and Weber (many polonaise *rhythms*) without the melodic distinction, the instrumental invention or, most significant, the theatrical good sense of either. Ideas tend to be expanded on Schubert's heavenly-length "step" principle rather beyond their intrinsic merit.

But there are also surprises to sustain interest: a recurring *chromatic phrase for woodwind* that must have sounded very daring in 1816, some gracefully turned tunes, and effective setting of action over the music—the ensemble at the denoument is extremely well written. The principals all have long scenes, a fine Weberian one for the first soprano with clarinet obbligato, and one for Faust written entirely in *arioso*. Weber certainly *absorbed—and significantly* developed — Spohr's primitive use of *leitmotiv*.

It also seemed long because the plot—Gothick-*Spuk*, not Goethe—involves an awful lot of characters. Faust has four friends (three too many), two sopranos to choose from (a Gretchen clone and a nicely ambivalent Donna Anna figure) each of whom has a faithful tenor swain, and there is an assortment of villains and witches. This is an opera of event rather than character, though the Byronic title-role is drawn in broad and involving Romantic Agony strokes.

There is some good singing. Elizabeth Ritchie (Kunigunde) *deals carefully* but effectively with some very demanding florid writing, and Louise Winter spins an eloquent line as Röschen. Robert Dean copes ably with the testing bass-baritone title-role and smoulders with the right doomed intensity. Glenn Winslade, unfortunately injured during rehearsals, has to sing the tenor Sir Hugo from *the pit* while his role is mimed; in the second tenor role Hugh Hetherington produces the clearest German of the evening. A score that could meander is kept on the move by Christopher Fifield; Robert Carsen is responsible for the busy production and Russell Craig for the flexible permanent set.

Boesman and Lena/Hampstead

Michael Coveney

After the openly confessional *intensity of Master Harold, it* is not all that surprising to read in Athol Fugard's recently published *Notebooks* (Faber, £3.95) that *Boesman and Lena* was the third play to feature the author in heavy disguise. The two decrepit South African coloureds scratching around on the banks of the Swartkops river outside Port Elizabeth are as transfixed in their unkind landscape as Beckett's tramps. But guilt and violence, the jostling for position between the oppressive Boesman and his worn down wife, are at the root of tensions both dramatic and domestic.

First seen in the Theatre Upsairs in 1971, the play was a scaldingly ferocious study of this couple who carry their lives on their heads once the bulldozers have flattened the latest pondok, or shack. With Janet Suzman gloriously succeeding to the Yvonne Bryceland role, the play, while no less powerful, is more alive with nuance, irony and even a sense of shifting authority.

Boesman and Lena keep *going by cashing in* empty bottles or digging for prawns, but also by destroying each other a little bit each day. "Freedom," the white man's gift, is mockingly invoked by Stuart Wilson's impetuous, befuddled, handsomely ruined Boesman who, like many a tramp, looks tragically aged but could easily be in his late *forties. No, they are white* man's rubbish, and Boesman can do nothing but kick the hell out of Lena, cover her in bruises.

This is how they mark out their lives, when not trying to remember what route they have taken. It is a question of the small dignity of knowing who and where you are. A white man may be approaching but he turns out to be a kaffir, a black African. This man, played with quite astonishing effortlessness by Tommy Buson, is the married couple's guest, their witness, their catalyst. Boesman rejects him. Lena invites him to the fire. She teaches him to say her name. And the scene where Miss Suzman *fulfils* her need for trivial, unharassed communication as the large visitor sits quietly muttering incomprehensible African, is deeply charged.

Clare Davidson's production may miss the coarse brutality of the key outbursts and the obscenity of Boesman's vengeful waste of bread and tea, but *it grows* to a compelling conclusion with the black Outa (which means something like "uncle") sitting immobile under his grey shroud and Boesman acting the bulldozer himself.

On Dermot Hayes's sanded scrubland, well lit by Rory Dempster, the prevailing image is of Miss Suzman on the verge *of a dance and finally breaking* into one, hands shaking, hips wiggling, the bruises on her torso tenderly caressed as, with Outa, she convinces herself at last she is alive and warm. As with Ben Kingsley in *Hello and Goodbye* 10 years ago, so with Mr Wilson: Miss Suzman makes this occasion much more than a routine revival of a thoroughly good play.

FINANCIAL TIMES

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Europe at a turning point

THREE weeks from now, the European Community will be facing the moment of truth. Either the heads of state and of government will be getting a grip of what is needed to drive through the present crisis towards a more constructive future, or else the Community will be in grave danger of falling apart as an operating enterprise. It is absolutely vital, for all our sakes, that they show more wisdom and courage at the Brussels summit than they did at Athens.

If they are to do so, they must also recognise that this crisis has general and profound, rather than narrow and particular causes. Newspaper headlines may suggest that the arguments are about the exhaustion of the Community's budgetary resources, or Mrs Thatcher's repetitious demands for budgetary rebates from Brussels but these are just the contingent issues of much deeper problems which have been dragging the Community down for over a decade. Unless these deeper problems are acknowledged and tackled, any "progress" claimed at this or future summits will prove ephemeral and deceptive.

The British budgetary grievance is merely the outcrop of the disequilibrium which has been petrified in the Community's balance of policies for over 15 years. It is customary to claim the common agricultural policy as the Community's greatest success. This claim calls for two major reservations.

High-price policy

First, the apparent success of the CAP is turning, through its very achievements, into an ever more apparent failure. A high-price policy, coupled to modernisation and improved productivity, has led to a rapid increase in output which may have been gratifying when Europe was a large importer of temperate foodstuffs. But the costs of this success are now rising unsustainably.

The consumer pays excessively through high prices in the shops; the taxpayer (in some countries, like Britain and Germany) pays excessively through subsidies to store or export the unsaleable surpluses; yet *still* the farm-gate prices are not high enough to maintain farmers' incomes or, all too often, especially in France, to prevent lawless demonstrations by rural mobs. No sane government can possibly defend, in the name of the Community, the bottom line of a policy which produces such discontent all round.

Second, it is possible to claim success for the CAP only by contrast with the gross failure of the member states to live up to their treaty obligations, ratified a quarter of a century ago, to create a truly common market in industrial goods and services. For industrial goods, according to Commission calculations, internal frontier obstacles to trade add 5-10 per cent of costs; for some financial services, like insurance, there is no free trade at all. The link between higher living standards and the efficient functioning of Community markets seems to have been forgotten.

Nationalist reflex

Behind these particular failures and imbalances lies the nationalist reflex and the legacy of Gaullism. Since the recession induced by the first oil shock a decade ago, all governments have attempted to shore up their domestic positions by interventionism, welfarism and nationalist devices for promoting the home economy; and these instincts have been reinforced by the Gaullist demand for the right of unquestionable veto in the Council of Ministers, and for the impoverishment of the role of the Commission and the European Parliament.

At the back of everything else lies the ambiguity of the political significance of the Community as a compact between the member states. In the beginning it was conceived as a political enterprise; since then this conception has resurfaced, valuably but anaemically, in the co-ordination of member states' foreign policy when it suits them. Yet the fundamental question of where they stand in relation to the super-powers has remained unanswered.

Sharp reduction

Some of the necessary responses to these problems are clear, at least in essence. There must be a durable settlement of the British budgetary complaint, not just because Mrs Thatcher and the House of Commons will settle for no less, but because the Community can no longer put up with this dispute.

Much more important is the problem of the farm policy. It has long been apparent that the Community cannot meet the combined needs of the consumer, the farmer and the foreign trade policy by manipulating the single mechanism of price. This problem will not be solved by increasing the Community's financial resources.

Sooner or later, it will be necessary to separate the support of farmers' incomes from that of producer prices, and the sooner the better. The Commission plans for curbing surpluses are far too timid. What is needed is a sharp reduction in cereal and milk prices, combined with social support for the incomes of needy farmers, funded in appropriate proportions by the Community and national budgets. That would ease the pressure for overproduction, it would ease the trade frictions with the U.S. It would ease the British budgetary problem, and it would relocate the social problem of the rural areas where, for the moment, it belongs, *in the national capitals.*

Long transition

The Community is offering Spain and Portugal an unusually long 10-year transition to full participation in the farm policy. This toughness is realistic; but it is only reasonable if it is accompanied by equal radicalism in the reform of the CAP.

On the institutional front, it is evident that, with the entry of Spain and Portugal, the habitual use of the *national veto must go,* and the member states must confer more responsibility on the Commission and the Parliament. And that means making sure that in future the Commission is once again led by people of real stature. Otherwise, the decision-making glue will set fast for ever.

But no amount of juggling with monetary compensation amounts, co-responsibility levies, production thresholds or safety-nets will do any good unless the member states can approach a closer understanding of the political commitment implied in their membership of the European Community. Hitherto the Irish, the Danes, the Greeks, the British have luxuriated in the soft option of pseudo-Gaullism. But nowadays even the French seem to have realised that that is not a viable policy. If Europe is to have any secure future, it lies in the Community.

Why councillors are challenging Thatcher

Liverpool: the Left goes for broke

Nick Garnett reports on the tensions in the UK's fifth largest city

A LURID poster depicting a monstrous King Kong but with the head of the Prime Minister, smashing its way through some of Liverpool's most famous buildings rolled off the city council's presses and into the streets last week.

From the municipal heart of Britain's fifth largest city, the left - wing driven Labour administration has been pushing on towards what may prove to be the biggest confrontation between a local authority on one side and central government and the law on the other which Britain has so far seen.

Liverpool City Council, whose politics have been deeply penetrated by the influence of Militant Tendency and the youthful Hard Left since last May's local elections has moved towards a deliberate refusal to balance its books.

The Labour group, which has an overall majority of three in *the 99-member council, has* declared that it intends to decline at its budget meeting next month either to raise rates or to implement expenditure and service cuts to fund its £250m spending programme.

If it does, the prospect then will be of Government control of the city through commissioners, and surcharges on — and eventual bankruptcy of — councillors on a much greater scale than occurred at Clay Cross 12 years ago. All this would be against a background of severe social strains, most dramatically underlined by the Toxteth riots in 1981.

The Labour plan may fizzle out. At least two Labour councillors say they will not vote for an illegal rate and up to a further eight might be wavering. Moreover two public sector unions have refused to support a strike on budget-fixing day.

Yet whatever happens Liverpool encapsulates, albeit in an exaggerated form, the growing political and financial tensions between Mrs Thatcher's Government and many other local authorities whose spending powers have been increasingly constrained in real terms at a time of ever heavier demand on many of their services.

Many Labour councillors and MPs are for this reason very sympathetic to the Liverpool council's position but they have been dismayed and embarrassed at what they have seen as a headlong tilt towards confrontation.

What has so far happened within the council, which is now operating to the accompaniment of accusations of "pathological lying," "kamikaze tactics" and "banana republics" is rooted in Liverpool's politics and history.

Liverpool is an embattled community living in an atmosphere of massive unemployment, urban blight and deprivation, with a history of militancy which has rolled up from the docks into heavily unionised factories and into the local body politic. It has been a breeding ground for the Left. It is an atmosphere which has even thrown the local Press and the business community onto the defensive. The past decade of hung councils, with the next largest group the Liberals unable to stamp their influence, and moderate Liberal and Conservative forces unable to get on with each other has added to an abiding impression of political drift.

The city has special social problems and the Labour administration inherited a Liberal budget which demands about £8m in cuts just to avoid Government overspending penalties. Mr Patrick Jenkin, the Environment Secretary, accepts that Liverpool has special handicaps but argues that there is room for cuts in non-essential services and manpower — or for higher rates.

The council has suffered a £120m reduction in rate support over the past five years though this does not take into account changes in the funding relationship between it and Merseyside County Council, nor the special government injections of money into Liverpool.

In the face of this, the Labour group has increased spending and its proposed £250m budget compares with the £216m target given to it by Whitehall. Councillor Derek Hatton, the 36-year-old deputy council leader since last autumn, Militant supporter and the Labour group's aggressive new public voice, says that the gap would have to be met by a rate rise of at least 70 per cent. Mr Hatton says it would mean an eventual rise of 200 per cent or 5,000 job cuts.

Labour says the serious problems of the city cry out for more expenditure and it will not deliberately increase unemployment. It claims that the Government has turned its back on the city, but it will not. The *Labour group is also challenging* the Government head-on in the hope of creating what one councillor says would be "fires which will act as a beacon" for other local authorities. Those councillors who embrace the Militant philosophy are also inviting the Government to do its worst in the hope they will be able to build radical change from the ensuing rubble and, even, that the Government might fall.

The Opposition seizes on this. It says that Labour is driving business away from the city. "They are cold-blooded mercenaries only interested in increasing degradation and despair for their own political reasons," says Sir Trevor Jones, the Liberal leader. "Financial incompetence plus revolutionary politics adds up to catastrophe."

But Labour did finally win an overall majority last May (with some remarkable swings) on the back of a manifesto against job cuts and rate rises and there is no question that a significant section of the Liverpool electorate supports its stand. Whether that will remain the case if the council actually breaks the law or will be reflected in the May elections (when 33 seats are scheduled to be fought) is an open question.

Some members of the old Labour guard—which includes Mr John Hamilton, the 61-year-old group leader—are privately uneasy about the looming crisis and the inexperience of their young politicians although they regard the Government's social priorities with hatred. Some have either been unwilling or unable to make their reservations public. "You've got to watch your back all the time," says one. The worry about personal bankruptcy might weigh heavy with some of the more moderate councillors.

Others see the situation as a return to Liverpool's traditional "boss" politics with power again wielded through small groups surrounding dominant individuals. Many regard Mr Tony Byrne, chairman of the Finance Committee, as the real power behind the throne.

The Labour administration has been most in the public eye because of such things as abolition of the post of mayor, setting up a "propaganda" unit and a municipal newspaper and "informing" a security company with a council contract that it didn't like it crossing picket lines outside Mr Eddie Shah's Warrington printing plant. Controversy has also raged over new conditions (including a requirement to introduce workforce consultation) on grants to companies and the refusal to support Liverpool's designation as a freeport or to provide financial backing to the garden festival because both are seen as irrelevant gimmicks.

The new administration has found it difficult to fulfil some of its promises. A programme to create 1,000 jobs is only limping forward. A £2 a week rent reduction for the city's council tenants was replaced by a £16 Christmas decoration payment made at an effective cost of £2m to £3m and supposedly the first of a number of such payments.

"I don't believe that there is any way at the end of the day that people in this city can be satisfied with services and jobs without the overthrow of a very vicious and anti-working class Government," says Mr Hatton.

So far the Labour group has succeeded in steering its confrontation course. But as the deadline for decision gets nearer it may prove hard to translate words into deeds.

THE POSSIBLE CONSEQUENCES OF THE FAILURE TO FIX A RATE

WHAT WILL actually happen if Liverpool Council fails to fix a rate to cover its budget at the rate-fixing meeting on March 29, a Friday and the last working day before the end of the current financial year?

The position is far from clear, has never been tested and is worrying Government lawyers and civil servants alike.

Any ratepayer can challenge his council in the courts under the General Rate Act 1967 for blatantly and deliberately flouting its obligation to fix a sufficient rate. One ground for challenge would be that the decision was so unreasonable that no reasonable council could have made it.

But even if this legal challenge succeeds, then what? *The court can only declare* the rate void; it cannot substitute its own view of a reasonable rate. It would therefore probably send the council back to make a "proper" rate.

Unless the court also determined a deadline, the council theoretically has until March 31 1985 to make a rate for 1984-85, although leaving it that late, and so having no rate income during the year, could also be open to challenge *for unreasonableness.*

The court could decide that failure to comply with its instruction to make a proper rate was contempt and those responsible for the resulting default could then be fined or jailed. An abstention or unjustified absence on rate-fixing days by a councillor is unlikely to be good enough; a vote against an insufficient rate and an attempt to introduce a proper rate is probably necessary to be absolutely safe in law.

Another possibility is that there will be no legal challenge and the council just goes on until it runs out of money later this year. The Local Government Finance Act 1982 allows short-term temporary borrowing to cover shortfalls in revenue but such borrowing in one financial year would be a first charge on revenues of the next. *Either a huge rate rise would* be needed to square the books in 1985-86 or the council would continue its policy of default and run further into the red in that year.

At this stage any local government elector in Liverpool could apply to the Audit Commission for an extraordinary audit of the council's previous year's (i.e. 1984-85) accounts. The Commission can *itself decide to* have such an audit or the Environment Secretary can tell it to have one.

If the auditor then decided some payments had been contrary to law and successfully applied to the High Court for a declaration to that effect, the question of surcharge and disqualification arises. The personal surcharge on the basis of the proposed 1984-85 budget would be about £600,000 on each of the 51 Labour councillors to make up the £30m which is the portion of the £250m budget for which they are not prepared to levy a rate.

If they cannot pay, they would each be liable for personal bankruptcy and disqualification from public office for five years. The undisqualified councillors left would then be required to fix a proper rate and/or make *cuts to balance the budget.*

This entire process is uncertain, lengthy, and would produce chaos in Liverpool's financial arrangements which range from servicing debt and trying to arrange new capital borrowings to paying staff. It is doubtful whether the Government could afford to sit by and allow chaos to develop, particularly in such a politically sensitive city as Liverpool. Mr Michael Heseltine, a previous Environment Secretary, began a controversial paper to Cabinet after the Toxteth riots with the words: "It took a riot to make the Cabinet take the problems of Liverpool seriously." That era has not been forgotten.

So the Government could take pre-emptive action by introducing legislation very early in the next financial year, if Liverpool fixes a rate *insufficient for its budget, to* give it power to put in commissioners to replace the council. The legislation would need to suspend some or all councillors and elections for an indeterminate period and vest commissioners with all the powers of elected members. The commissioners would be civil servants.

This prospect is causing great anxiety among civil servants and politicians, not only because of the implications of supplanting democratically elected councillors with commissioners but also because of the difficulties of acting as a commissioner. What priority of cuts would be decided and how could they be implemented and by whom? The Government is hoping earnestly that, in the end, none of these questions will have to be faced, let alone answered.

Robin Pauley

Men and Matters

Who's who in the City

"Every aspect of the City of London is documented except the most important one of all—its people," says Elise Smith, an American lawyer, married to an Englishman, and resident in the UK for the past 13 years.

This summer, with her friend Laura Phillips, wife of a senior civil servant, Smith intends to fill that gap by publishing a new who's who of the City to be called Becket's Directory.

The idea came to her, she says after "years of trying without success to penetrate the wall of inscrutability and self-effacement with which senior City figures like to surround themselves."

But now that the first approaches are being made to some 2,000 top names in banking, broking, insurance, accountancy, fund management and the law, Smith is finding—"with one notably crusty exception"—that those apparently hitherto retiring chaps are responding with enthusiasm to the project.

Smith and Phillips have set *up their own company for the* venture which they are financing themselves. The directory will carry no advertising.

An advisory committee of experts in each financial sector has been formed to help them compile it. And author Anthony Sampson is to write the preface.

Market research reveals a potentially substantial demand for the directory—whose title, though suggestive of an old-established British firm, *in fact* derives from Smith's maiden name.

China service

If Marco Polo had been an investment banker, his biography would have read much like that of Dr Ralph-Franklin Calatchi, who has just launched a joint venture with Wood Gundy, Canada's largest investment bank, aimed at opening an affiliate office in Shanghai.

If this unusual partnership succeeds, it will be the first foreign investment banking operation to take root in modern China.

Born in France, and a student of anthropology at the Sorbonne, Calatchi worked for Kuhn Loeb in New York, then moved to Nikko Securities in Tokyo "to learn from within" the secrets of dealing with Japanese bankers.

From Tokyo—"the happiest period of my professional life"—he joined Banco Union, Venezuela's largest private financial and banking group, working for its merchant banking arm.

But since 1979, the passion of Calatchi's life has been China. In "an act of audacity," he gave up his job to join the intensive Chinese language course at Cambridge University; and he has since spent two years at Peking University learning not only to read, but to write, Chinese.

Now his search for "a little *niche where I could do something* others couldn't do" has come to an end. Ted Medland, chairman of Wood Gundy, says: "We have known Dr Calatchi for many years. In our business, your primary assets are your people, and in Dr Calatchi, I think we have found a person who can open doors for us."

The first door he will have to unlock is approval for the affiliate company—to be called Wood Gundy Calatchi China Investments (WCI)—to be set up in Shanghai.

Calatchi and Wood Gundy have chosen the "Quilin," a mythical Chinese animal, akin to a unicorn with green scales, as WCI's logo. It supposedly combines the appeal of a dragon with the mystery and power of a phoenix; but, above all, it is thought to bring the luck which the improbable partnership will need in good measure.

"Don't you think you're rather over reacting to this dual capacity business, George?"

Advice offered

There does not appear to be a trade union catering for former presidents. Perhaps there ought to be one, given the accident-prone nature of the job.

An enthusiastic recruit would be Godfrey Binaisa, aged 63, who was president of Uganda for 11 months following the ousting of Idi Amin, only to be deposed himself by a military commission.

A London resident for the past two years, Binaisa is acting now as an adviser on African affairs. But clearly he is restless to be more involved at first hand with Africa's economic progress—political affairs being a no-go area for cautious former presidents.

A union for former presidents would presumably insist upon some rules to protect its members. Binaisa says he has come against a curious impediment to his securing work. "People tell me that I am overqualified."

He couples with his experience as president of Uganda (population 14m), five years as the first Uganda-born Attorney-General, and seven years representing a number of African countries on the International Commission of Jurists in Geneva. He is a British-educated lawyer, a Queen's Counsel, and a member of the New York bar where he practised for two years in the 1970s.

Authorship may yet take an important slice of Binaisa's time. He is starting on a book tracing the development of English-speaking East Africa before and after the nations achieved independence.

Carried away

"It's just like going to the pictures," enthused one of the 2,000 or so shareholders who gathered for the annual meeting of the National Freight Consortium at Wembley conference centre on Saturday.

The AGM, reckoned to be the largest of its kind in the world, certainly had plenty of showbiz style about it. The tone was set by an opening film about the company which owed more to Stanley Kubrick's 2001 than the more down-to-earth NFC concerns of parcels and package holidays. And there were interludes of "psychedelic" music.

"I hope we didn't go over the top," said NFC chairman, Sir Peter Thompson, at the end of the three-and-a-half hour show. It cost £30,000 to stage, and busloads of shareholders arrived from all over the country for it.

After Thompson had told the gathering "what a lovely company we are," he got a vote of thinks from Australian shareholder, Brian Carter, who had *flown in specially for the event.*

Then, an hour late, everyone went off for lunch—appetites sharpened by the news that their shares were now worth £2.60, a fivefold increase in two years.

Stiff task

American woman overheard in a Mayfair bar: "Joe's not as limber as he used to be. These days, *it's as much as he can do* to touch his knees without bending his toes."

Observer

U.S. ANTI-TRUST POLICY

Bigness isn't bad, but . . .

By Terry Dodsworth and Stewart Fleming

RARELY CAN any recently appointed young bureaucrat have run into such a storm of abuse and criticism as Mr Paul McGrath, the new head of the Justice Department's anti-trust division, after only two months in the job.

Within hours of recently announcing his opposition to the proposed $600m merger of LTV and Republic Steel, he was being denounced up and down the country, not only in steel company boardrooms, but by his own colleagues in the Government.

Mr Malcolm Baldrige, the Commerce Department Secretary, fulminated in public against the decision, saying that it would "prevent the steel industry from taking the actions necessary to enable it to be competitive in world markets," while Mr Bill Brock, the White House's Special Trade Representative, added furiously that "we impose greater trade barriers on ourselves than other governments impose on us."

The steel industry was even less polite. "He's a turkey," exploded one apoplectic executive. "He can't last. He has done something so unbelievably stupid."

The simple explanation for this wave of protest was that the big steel companies, Wall Street and some members of the Government had decided some time ago that reorganisation of the steel industry had become a priority and were banking on it. Only days before in another anti-trust case, two giant oil companies, Texaco and Getty, had been allowed to bring off the world's largest merger, which would almost certainly have been rejected by any pre-Reagan anti-trust regulators.

If the $10bn oil deal had been allowed to go ahead, the protesters seemed to be saying, why should the proposed LTV-Republic Steel deal be blocked? Indeed, Mr Baldrige and his supporters have been arguing that mergers were the way to go about sorting out the steel industry's financial problems, while heading off the protectionist pressures which have built up as the industry slipped into losses of $6bn over the last two years.

The apparent contradiction between the two decisions is only superficial, however. In both cases, the anti-trust authorities applied the rules as they stand. Indeed, Mr McGrath is genuinely astonished that anyone who had read his department's merger guidelines could ever have believed that the steel deal would be allowed —the market shares in key areas were clearly over the permissible levels. "As a matter of law enforcement there was no other decision possible," he says.

Crucially, his judgment included a pace-setting offer of help to reorganise the steel industry in ways which would not fall foul of the anti-trust regulations. He emphasised his concern that the industry was in trouble, and suggested a range of potential solutions—asset swapping, or inter-company supply arrangements for everything from raw materials to semi-finished products.

"He kicked the door shut and opened a window," is how Mr David Healey, of brokers Drexel Burnham Lambert, summed up this radical move. According to anti-trust experts, this is the first time in post-war history that the department has offered to help industry reorganise in this way. Some specialists claim that it could be prompting the steel companies to flirt with action which, under a stricter regime, would itself have been condemned under the restraint of trade restrictions.

The way in which the steel judgment was phrased links it clearly with the spirit of the oil decision as well as with the earlier anti-trust activity of the Reagan Administration. This common thread lies in the concept of economic efficiency that began to be applied decisively to anti-trust decision-making by Mr William Baxter, the Stanford University professor who brought intellectual clout to Reagan Administration competition policy when he was appointed as Mr McGrath's predecessor.

Even before Mr Baxter's arrival, anti-trust law had been moving towards placing more emphasis on economic analysis and less on vague social concerns under the influence of what became known as the "Chicago school" of thinking. But it was the Baxter blend of energy and iconoclasm, coupled with the Reagan Administration's pro-market economics, which brought a positive break with the past.

The popular view of this new approach is that it crudely favours big business—this was one of the reasons for the surprise over the steel decision. But the reality is much more complicated. The Chicago school tends to take a minimalist attitude to anti-trust enforcement because, in many cases, it believes that the way the law has been applied in the past has hindered competition rather than helped it.

It rejects, for example, the old populist notion that bigness is bad in the corporate sector. The aim of anti-trust law, the school argues, should be to ensure that the consumer can buy his goods at truly competitive prices and that the markets are allowed to allocate resources throughout the economy — not to promote some form of social engineering as well.

Despite this rejection of traditional trust-busting ideas, the new Baxter-inspired regime has not simply surrendered to big business. In new merger guidelines published by the Justice Department in 1982, Mr Baxter identified the main problem areas as horizontal concentrations of market power, where the combination of two companies would increase their hold over the consumer. In Baxter's book, vertical mergers, where manufacturers combine with the distribution chain, were much less pernicious.

This new focus on horizontal mergers was accompanied by a more analytical, but also more flexible, definition of market power. One innovation was an arithmetical formula for estimating market shares — the so-called Herfindahl-Hirschman Index. Another, more controversial move, was to broaden the scope for defining geographic markets, putting heavy emphasis for the first time, for example, on the global dimension in competition. The guidelines also attached greater weight to the possibility of new competitors entering the market in the event of a company using its position to raise prices; and on the ability of consumers to find substitute products.

Mr McGrath clearly considers that this shift to a wider market perspective means that it has become much easier for foreign companies to enter the U.S. market. The old ideas, he says, "were allowed to go to some extremes in blocking foreign take-overs."

How these definitions worked out in practice is shown in a series of judgments which have tackled five key industries. Two of these were the target of one of Mr Baxter's first decisions, his simultaneous announcement of the abandonment of the Justice Department's prolonged anti-trust suit against IBM, the world's largest computer manufacturer, and the agreement to break up AT & T, the country's telecommunications monopoly. These actions neatly demonstrated both the point about excessive horizontal market power in the case of AT & T, and the new-found sympathy for the competitive strength of a company with a great deal of vertical integration, such as IBM.

The same counterpoint has been echoed in more recent decisions affecting the oil and steel industries. In the Texaco/Getty case, the Federal Trade Commission (FTC), which shares anti-trust enforcement authority with the Justice Department, and tends to follow a similar line, argued that there were very few markets in which the merger would give the joint companies a dominant position. Where there were, it required divestiture. At LTV/Republic, by contrast, the Justice Department found that in some product areas the merged company would control up to 40 per cent of the market—well over the limit set by the guidelines.

In the fifth case, the FTC has made an equally controversial foray into the car industry with its decision to allow GM and Toyota's joint manufacturing agreement in California. Not long ago, such a link between recognised price leaders in their respective markets would have been inconceivable. But the approval of the agreement, after a great deal of FTC-prompted recasting, and against the furious opposition of Mr Lee Iacocca, Chrysler's chairman, demonstrated yet again the emphasis being placed on corporate efficiency: the presumption is that GM will emerge from the experience as a more effective competitor and that the market place will thus be gingered up as well.

This agreement, like Mr McGrath's offer to the steel companies, also illustrated the degree to which the authorities have abandoned their old confrontational approach with the aim of supporting what they perceive as the long-term interests of the U.S. economy.

Traditionally, the Justice Department was a zealous collector of corporate scalps. Today, as the diminishing ranks of the anti-trust law practices testify, the authorities go out of their way to help restructure mergers in ways that do not infringe the law. "We no longer feel that we have to go out and win legal cases just to get notches on our belt," says an official.

McGRATH: HEADLONG INTO CONTROVERSY

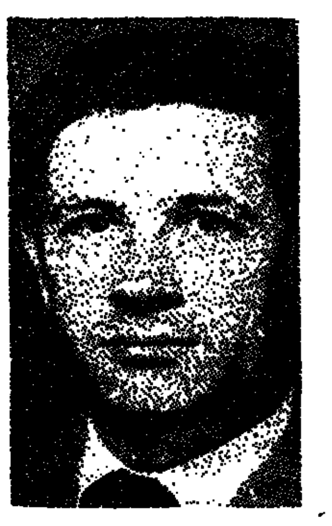
BY TRANSFERRING Mr Paul McGrath from the Justice Department's civil division to head the anti-trust division, the Reagan Administration has deftly killed two birds with one stone. It has avoided potentially troublesome Congressional hearings over its choice, which the appointment of an outsider would have incurred; and it has replaced the abrasive professorial style of Mr William Baxter with the polish and charm of a professional Wall Street anti-trust lawyer.

"Bill was inclined to treat senators and congressmen as though they were rather dim students in one of his Stanford classes," says an official who has worked with them both. "Paul listens, treats other people's views with deference, and then gets on with doing more or less what Bill would have done in any case."

The advantages of this more conciliatory approach are obvious in an election year. However, they have not helped Mr McGrath with his first major decision—to block the proposed LTV/Republic Steel merger. He must have known that this would pitch him headlong into controversy. But he argues that there was no other conclusion possible under the rules and, at the same time, he has shown plenty of political nous in his presentation of the judgment.

By contending that existing quota protection for steel has already distorted the market, he has effectively made a pre-emptive strike against the counter-argument that his opposition to mergers will cause further protectionism. In addition, he has left himself room for negotiation by offering Justice Department help to the steel industry in restructuring — both things which Mr Baxter might not have done.

He believes that the offer of advice to industry falls within the spirt of the law, a point which some anti-trust purists might dispute. The steel industry is in crisis, he says, and the Government has a duty to respond. "In saying that, we are not for or against industry. We are for a strong economy, and that is in everybody's interest."



Lombard

Another look at expectations

By Samuel Brittan

ONE OF the main reasons why the UK Medium-Term Financial Strategy was launched in 1980 was to influence the climate of expectations about monetary policy several years ahead. The hope was that if wage bargainers and the financial markets could be convinced about the Government's long-term intentions, wage settlements and interest rates would both be lower, and so too would be the unemployment cost of reducing inflation.

The original MTFS did not in the end stop a sharp rise in unemployment. Part of the rise in jobless was due to world slump and long-delayed structural adjustments. But it also took a very long time to convince each side of industry either that inflation was on a sharply falling path or that the "money would not be there" to finance inflationary pay settlements.

The "pricing out of work" process is well illustrated by Alan Budd and Geoffrey Dicks in the February London Business School Economic Outlook. The authors believe that the main long-term constraint on British prices is provided by the level of world prices expressed in sterling. (This is in turn a function of world-wide inflation rates and the movement of the sterling exchange rate.) Reviewing the whole period 1979-83, the LBS proved remarkably accurate in its prediction of world wholesale prices expressed in sterling. Moreover the pressure of competition did indeed hold back the rise in British unit labour costs to almost the world average.

Where, however, the LBS proved badly wrong was in apportioning this slowdown in labour costs between productivity and earnings. Productivity in manufacturing rose between 1979 and 1983 twice as fast as predicted, while earnings also rose a good deal more; and unemployment rose three times as much as forecast. If earnings had not shot up so fast either the productivity improvement would not have been so sudden, or there would have been more output. Either way there would have been less unemployment.

One reason why the MTFS failed to influence expectations was that it was not announced until 1980, in the Government's second year of office, when the pay explosion was well under way. Another was that it was bound to take time before economic agents could be convinced that the Government meant business. But a third contributory factor was the form of the monetary targets. The wide missing of the target range in the crucial years, 1980 and 1981—explained away by numerous "special factors"—and the introduction of new aggregates and fresh targets in 1982 were hardly likely to harden expectations.

The problem of influencing expectations is still of vital importance in relation to the Chancellor's much discussed objective of moving from 5 per cent inflation to stable prices. This could have some unemployment cost, even if it only means unemployment falling less rapidly than it otherwise would. The more the fall in inflation and the corresponding reduction in the growth of monetary demand are expected, the less will be this unemployment cost. The more sceptical the audience is of the message, the more painful it will find the policy.

Unfortunately, recent official discussion of "narrow" and "broad" money and the prospect of up to four monitored aggregates and two target ranges will, on its own, shed confusion rather than shed enlightenment. Instead of influencing expectations the Treasury will drown people in a sea of technicalities. These technicalities have their place, but only if subordinated to a simple, but still numerical, statement of what they are all designed to achieve.

It will be tempting to make any simple statement a target path for inflation itself. But that would be a mistake. For the Government can only try to impose the equivalent of a national cash limit; and the division of that limit between real output and inflation is outside its direct control—a fact itself desirable to emphasise. The new MTFS should state national cash limits or objectives as comprehensively and simply as possible before going into the monetary small print.

Letters to the Editor

Protecting the investor

From the Managing Director, Fruin Securities

Sir,—The accelerating trend towards ever larger groupings of financial service companies is being viewed by many with serious concern and even alarm. Ironically, it comes at a time when the Gower committee is charged with the task of recommending greater and more effective safeguards against the kind of abuses which have been perpetrated in recent years. The committee, mindful of the City's traditional skill in self-regulation, favours a continuation of this process, albeit aided by overseeing bodies whose role would be to supervise, and ensure that, such self-regulation is functioning effectively within each of the various sectors concerned.

I venture to suggest that any attempt to eliminate irregularities and increase efficiency—to improve investor protection—must, of necessity, be undermined by the present moves towards the obliteration of clear lines of demarcation, clear areas of responsibility. The acceptance by the Stock Exchange of the principle of negotiated commissions, in exchange for exemption from the restrictive practices court's scrutiny, has set in train a strong desire for competition at the expense of ignoring the inherent dangers.

It is suggested that there are many advantages in having all financial services under one roof, but is this really competition from the investor's point of view? Is he not, rather, being faced with a virtual monopoly situation?

Advantages do, of course, accrue to the conglomerate concerned, itself, but it is difficult to see how—or, indeed, believe that—this system can possibly, in the end, redound to the interests or protection of investors.

G. I. Levine,
9, Castleton Drive,
Newton Mearns, Glasgow.

Inconsistency in tax laws

From Mr G. Simon.

Sir,—Mr A. H. Hermann, your Legal Correspondent, (February 16) criticises the English legal system which, he says, allows "the rich and clever to escape tax-free" because the system is based on "the grammatical interpretation of Finance Acts largely ignoring Parliament's intent." While this is a tenable moral criticism, it applies in reverse with equal force to the Inland Revenue which is by no means poor and stupid and which sees its responsibilities as enforcing the law as enacted regardless of Parliament's intent.

In addition, it seeks to extend the ambit of a tax charge by imaginative interpretation as can be shown by two relatively recent cases: (a) the claim that Marine Midland Bank was taxable on foreign exchange profits which arose from accounting conventions but which had not in fact been realised; and (b) the claim that Scottish and Newcastle Breweries should not be allowed to treat the refurbishment of certain premises as qualifying for capital allowances. Both of these claims were thrown out by the House of Lords and lower courts.

No one who is concerned with respect of the law and the legal system will regret the collapse of the pre-ordained tax avoidance schemes which, in their own way, made the law look ridiculous but it is equally important that there should be clear legal responsibilities under which tax is chargeable. In the Duke of Westminster's case *Lord Russell of Killowen said:* "I view with disfavour the doctrine that in taxation cases the subject is to be taxed if, in accordance with the Crown's view of what it considers the substance of the transaction, the Court thinks the case falls within the contemplation or spirit of the statute. The subject is not taxable by inference or by analogy, but only by the plain words of the statute applicable to the facts and circumstances of his case." Is that not a desirable attitude both for the Revenue and the taxpayer?

The great defect of the present system of tax law is that the subject is faced with an adversary whose resources are almost always greater than his with a legal system whose criteria change from one year to another. While this clearly can be convenient to the Inland Revenue from some points of view, it will not increase respect for the law or the legal system. The same rules should apply both to the Revenue and to the taxpayer so that there is consistency and taxpayers are aware of what their legal responsibilities are *not what the* Inland Revenue considers they should be. The great defect of the Dawson decision is that the legal restraints on the Inland Revenue have been lessened and the scope for imaginative interpretation enhanced. Such a system will indeed be perverse, bringing the law into disrepute, to quote the words of Sir Geoffrey Howe of which Mr Hermann clearly approves.

G. M. Simon,
The Manor House,
Aston Magna,
Moreton in Marsh, Glos.

The cost of the Rates Bill

From Mr P. Lilley, MP

Sir,—You published two articles by Robin Pauley on February 21 claiming that the "Rates Bill may cost Treasury £1.5bn."

The Rates Bill will empower the Government to *reduce the* budgets of the worst overspending councils. By no stretch of the imagination could this result in increased public expenditure By definition it must result in spending by those authorities who have their budgets cut spending less than would otherwise occur.

Indeed, Mr Pauley himself admits that authorities capped under the new Bill will—even on his jaundiced estimates—spend some £200m less than they would if the Bill's powers were not available to constrain them.

How then did Mr Pauley reach his bizarre conclusion that the Rates Bill will cost £1.5bn? He first dazzled us with talk of computers. Then he produced a forecast of total spending by local authorities relative to the Government's (unenforceable) targets as in previous years—except in the authorities which will be capped when it is £200m lower. He chooses to ignore savings already being made by authorities anxious not to be capped. As a result he forecasts spending some £1bn to £1.5bn above targets in 1985-86.

To jump from saying spending will be up to £1.5bn above targets despite savings from rate-capping to saying spending will be £1.5bn above targets because of rate-capping is either an attempted sleight of hand or a crass logical blunder.

Peter Lilley,
House of Commons, SW1.

Robin Pauley writes: The article explained in detail how two amounts—£420m and £590m—might have to be added to the 1985-86 public expenditure target totals as a result of different aspects of the Rates Bill. All *the figures* resulted from running published Government and local authority data through a computer; all the assumptions used were published with the article and erred in favour of the Government's targets.

The importance of businessmen being able to speak Japanese when in Japan

From Mr N. Holden

Sir,—In his article of February 9, Sir Hugh Cortazzi, the retiring British Ambassador, stressed the importance of British businessmen being able to speak Japanese. In their traditional way UK companies are for the most part extremely unlikely to respond to the plea. Yet those who ignore the advice are probably unable to appreciate how dependent they are on Japanese competence in English on the part of colleagues, market intermediaries and the widest possible range of organisational "gatekeepers" in Japan and how—even with a working knowledge of Japanese—they can extend their operational networks in this "difficult" market. Let me demonstrate all this in a tentative way using some data which I gathered on a study trip to Japan last year.

With the assistance of a Tokyo-based representative of a large UK engineering group, I studied his collection of Japanese business cards which he had built up over two years. My collaborator speaks Japanese, by the way. It turned out that he had cards for 90 organisations in Tokyo and 40 for organisations in other industrial centres; for example, there were nine cards for Osaka. I asked my associate to let me know with which organisations he (a) could use English only, (b) could get by using a medley of English and Japanese or (c) had to employ Japanese. The results were as follows:—

	% English only	% Japanese and English	% Japanese only
Tokyo	72.3	24.4	3.3
Other cities	10	50	40

I freely admit that these figures were not obtained "under conditions of rigour," but it is worth mentioning that the British commercial counsellor in Tokyo told me that he considered 72 per cent "English only" was "too high" for Tokyo. The other point to make is that, if the representative of the UK engineering company *did not himself speak* Japanese, then it would have been impossible for me to conduct this modest enquiry. Taken with the greatest caution, these figures suggest that companies who send their representatives on assignment in Japan without any language training (not an uncommon occurrence), are not fully aware of how limiting it can be, in terms of contact-making and relationship-building with Japanese organisations, if their prevailing view is that in Japan "they all speak English."

May I also comment on Professor Dore's letter (February 7) in which the *writer stressed* the importance of UK engineers on assignment in Japan speaking Japanese. As part of my study trip I interviewed five UK engineers who are advancing collaboration ventures with Japanese manufacturers. In only one case had an engineer been given a good grounding in the Japanese language. His company had been far-sighted enough to give him a three-month course before his visit. The results were most impressive. Not only could he, after six months in Japan, communicate with his engineering colleagues in their language and manage an all-Japanese project team but also he had become sufficiently immersed in the Japanese writing system to be able to read Japanese engineering drawings.

And there was a further advantage. Of the five, he struck me as being the best interpreter of the Japanese working environment. Owing *to this, the young* engineer concerned is, in the first place, almost certainly a better bridge-builder between this company and the Japanese partner than his UK colleagues probably suspect; and, secondly, he is almost certainly providing his company with correspondingly more sophisticated judgments appertaining to technical matters and sharper appreciations of Japanese organisational behaviour, with which his company must find common ground.

Nigel Holden,
Manchester Business School,
Booth Street West,
Manchester.

FINANCIAL TIMES
Monday February 27 1984

Terry Byland on Wall Street

Mortgage trouble for corporates

THE LAUNCH last week of $1.25bn in mortgage-backed bonds for Travelers Mortgage Securities marked another milestone in the phenomenal growth of this new sector of the U.S. capital markets. On size alone, the issue ranks among the largest private sector bonds, while its characteristics place it with the most recent developments in mortgage-backed securities.

The bonds, managed by Salomon Brothers, were issued as collateralised mortgage obligations (CMOs), backed by participation certificates (PCs) of the Government National Mortgage Association (GNMA) and of the Federal National Mortgage Association (FNMA). CMOs are the latest innovation in the rapidly expanding Wall Street market for secondary trading in mortgage securities, and offer investors a spread of maturities for repayment of both capital and interest.

The growth of the secondary mortgage market seems likely to be remembered as the outstanding feature of the U.S. debt markets in the 1980s, and is already opening up a new trading area for Wall Street.

The secondary mortgage market in the U.S. was effectively created in 1970 when GNMA was federally authorised to guarantee securities backed by pools of mortgages. Mortgage lenders, by selling the GNMA certificates, were able to dispose of mortgage debt which had previously remained in their vaults until maturity.

This "securitisation" of mortgage loans, carried out now by the Federal Home Loan Mortgage Corporation (Freddie Mac) as well as by the GNMA, totalled $85bn last year, dwarfing the 1982 total of $54bn.

Salomon Brothers, which was one of the first Wall Street entrants to this new area of the market and now takes more than a third of its net income from that source, puts the total of quoted mortgage-backed bonds at $300bn, compared with $712bn in U.S. Treasury debt and $555bn in corporate bonds.

The reason for the market success of mortgage-backed securities is not hard to find. Over the past year, indeed over the past five years, the *total rate of return* on these bonds has outstripped that of their competitors.

Salomon's mortgage bond index returned 10.9 per cent last year, compared with only 4.7 per cent on high grade corporate bonds and only 1.65 per cent on 30-year Treasury bonds. Even taken over five years, and thereby taking in the period of high yields on corporate and Federal debt issues, the Salomon index still stands out with a return of 59.5 per cent against 39.5 per cent on corporates and 39.1 per cent on 30-year Treasuries.

There are indications, though, that the growing strength of the mortgage-backed securities sector is beginning to create strains elsewhere in the U.S. debt markets.

The chief sufferer from the arrival of the newcomer has been the market for corporate debt, which competes for similar sources of finance. The introduction of CMOs was aimed at securing a larger proportion of U.S. pension fund cash *for the mortgage securities market.* Pension fund managers have particular need for financial instruments of a varying length of maturity and found the full 20 or 30-year mortgage term a little too much.

Dr Henry Kaufman, the Wall Street interest rate expert, commented last week that new issues of mortgage-backed securities in 1983 "exceeded the gross issuance of new corporate bonds by more than 80 per cent". For good measure, he added that secondary market trading in mortgage securities had already surpassed that in the corporate bond market.

The possibility that corporate debt might be "crowded out" of the market, not by Federal deficit borrowing but by mortgage finance, is a new phenomenon for Wall Street.

The $300bn of mortgage loans already securitised is only around 22 per cent of the total mortgage debt outstanding in the U.S. If not a single new mortgage was created in the U.S., there would still be $1,080bn in mortgage debt available for securitisation, and therefore for entry to Wall Street debt markets.

A start has been made to bringing seasoned mortgage debt to the marketplace. Last month saw $500m of CMOs sold by the Federal Home Loan Mortgage Corporation, one tranche of which consisted of five-year-old mortgages, on interest rates of an average 9 per cent.

This weight of prospective new entrants, with the sparkling record of the market, adds teeth to Dr Kaufman's prediction that credit demand from securitised mortgages will, "in time, infringe more and more on the financing alternatives of business corporations."

The increasing presence in the mortgage securities market of the pension funds and life insurance companies has substantially improved the flow of housing finance.

COURT RULING PERMITS U.S. INQUIRIES IN BRITAIN INTO ALLEGED FRAUD

UK co-operates in SEC probe

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT, IN LONDON

THE BIGGEST investigation ever *made by the Securities and* Exchange Commission into alleged violations of U.S. insider trading laws has spilled over to the English courts.

The High Court has ruled that the SEC can examine two former bank employees in London as part of its inquiry into $6.2m profits made on the $2.5bn takeover of Santa Fe International Corporation by Kuwait Petroleum Company in October, 1981.

It was the first time the SEC, a U.S. government agency which regulates the securities industry, had sought the help of a court outside the U.S. in one of its investigations.

At the end of a four-day private hearing Mr Justice Drake decided that the two men's testimony was *genuinely required for, and would* be used at, civil proceedings *started* by the SEC in New York, and that the SEC was not engaged on "a fishing expedition."

The men the SEC wants to examine are former employees of the *defunct International Resources* and Finance Bank, Mr John Smit, acting executive vice-president, and Mr Richard Harrison, portfolio *manager.*

The IRFB, incorporated in Luxembourg in 1977, with its operating base in London, was wound up in 1982.

The SEC believes a significant part – about 10 per cent – of the *$6.2m profits it is probing was made* through orders placed in London with the IRFB.

A High Court Master said the SEC could examine the two men, who appealed to the judge for the decision to be set aside.

Their case included a contention that their examination would involve them in breaking the confidential relationship between banker and client.

Rejecting that argument, Mr Justice Drake acknowledged that there was a public interest in maintaining that confidential relationship but, he added: "There is also clearly a public interest, and a very strong one, in not permitting the confidential relationship between banker and client to be used as a cloak to conceal improper or fraudulent evidence *which would otherwise be* available to be used in legal proceedings, whether here or abroad.

"I do not hesitate in this case to find that the public interest is weighted, and very heavily weighted, in favour of the information being given."

The takeover of Sante Fe International, a leading California-based oil drilling contractor and energy *company by Kuwait Petroleum,* which is owned by the Kuwait Government, was the largest single investment in the U.S. by an Arab oil producing company.

Allegations of insider trading were made within a day or so of the proposed merger being announced. The chairman of the House of Representatives sub-committee on commerce, consumer and monetary affairs, said he had heard of "extensive insider purchases of call options" of Sante Fe.

The SEC obtaining a temporary injunction from a New York court, freezing $5m in profits arising from trading in Sante Fe stock and call options that it had traced to bank accounts in the U.S. The order is still in force.

The commission said at the time *that it had not identified the inves*tors alleged to have acted on insider information. The purchases had emanated from foreign banks or foreign arms of U.S. banks.

The SEC started civil proceedings in New York against "certain unknown purchasers" of Sante Fe stock and call options, and Faisal Al Massoud Al Fuhaid and John Doe.

"John Doe," whose name has not been disclosed on the order of a New York judge, has testified that he is a Middle Eastern national resident in London, who assist agents in Saudi Arabia and the United Arab Emirates.

Also named as "nominal defendants" were Credit Suisse, Lombard, Odier and Cie and Chase Manhattan Bank.

The SEC alleges that Mr Fuhaid and John Doe were part of a group of people, including unknown cus*tomers of IRFB, who together pur*chased 3,500 call option contracts for, and 35,000 shares of, Santa Fe *stock,* and *made* profits of about $6.2m, having obtained advance information about the merger.

Part of the SEC's case is that a profit *of $800,000 was made on a* stock option investment of about $6,000.

W. German business prospects lifted by higher export demand

BY JONATHAN CARR IN BONN

WEST GERMAN industrialists have become more optimistic about business prospects in the coming months, not least because of stronger export demand.

Their optimism applies in particular to the key investment goods *sector, according to the latest sur*vey of business opinion released today by the Ifo economic institute of Munich.

The survey shows that after a long period in the doldrums both the mechanical and electrical engineering industries are planning to boost production, thanks to increased demand.

Order books are also filling up in the consumer goods sector, with buoyant reports from passenger car, furniture, clothing and shoe manufacturers. The only branch still clearly in the grip of recession, and despondent about its export chances, is the steel and light metal industry.

The results underline that the economy as a whole is picking up strongly, and help to show why the Government now believes that its forecast of 2.5 per cent real growth in gross national product this year may even prove on the low side.

However, the Ifo survey reflects questions put to industrialists in January. Since then the D-Mark has been gaining ground, especially against the dollar and the yen, partly undermining the price advantage of German exports.

Moreover, the growth of German domestic demand is sucking in im*ports at an increasing rate, thus* cutting the visible trade surplus compared with last year's figures.

The January trade figures, released late last week, showed a surplus of only DM 1.9bn ($716m) compared with DM 2.7bn in January 1983. The January current account deficit totalled DM 600m after being DM 120m in the red a year earlier.

Pretoria considers easing race laws

By J. D. F. Jones
In Johannesburg

A SIGNIFICANT relaxation of South Africa's racial discrimination is proposed in the report of a commission on the Group Areas Act – one of the cornerstones of apartheid – which will be introduced in parliament in Cape Town this week.

In particular, the Strydom Commission suggests that "defined central business districts" be opened for trading to members of all race groups. Mr Pen Kotze, the Minister of Community Development, told parliament last Friday, the Government accepted this in principle.

Another proposal is for a further desegregation of public premises, including cinemas – theatres are already multiracial in practice – and public transport.

Mr Kotze said the Government had reservations about some of the commission's recommendations, but the report would be submitted to a parliamentary select committee which would draft legislation after taking further evidence.

The commission, while conclud*ing that the Group Areas Act was* "not indispensable," added the all important qualification that residential areas must continue to be racially separated.

Its report therefore does not go so far as to question the fundamental apartheid policy of influx control, but it is seen here as evidence of the Government's newly-strengthened commitment to "reformist" policy.

The report has already been welcomed by the leaders of the "Coloured" (mixed race) and Indian communities, who are about to be brought into the white parliamentary system.

They are confident that other reforms will follow soon which will please their communities, such as a relaxation of the legislation which prohibits sexual relationships between people of different race.

The desegregation of downtown business operations had been widely forecast as a first and obvious field for "reform."

The commission recommendation has also been welcomed in the business community, which has been increasingly unhappy about the denial to non-white businessmen of access to "central business districts" such as downtown Johannesburg.

The other side of the coin – and this poses more difficult problems – would be the opening of black townships to the overwhelmingly powerful competition of white communities.

UK industry orders at highest level since start of recession

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

UK *COMPANIES'* order books are at their best levels since the start of recession four years ago, the latest survey by the Confederation of British' Industry, the employers organisation, suggests today.

The February trends inquiry by the group, which represents 1,800 manufacturing companies, also shows that companies are more optimistic about output for the next four months than they have been since 1979. There is evidence that export orders are picking up.

Even more encouragingly, the survey indicates that recovery is continuing to spread from companies making consumer goods to those making capital equipment.

This is the first survey since the recovery started three years ago to indicate a more widespread increase in output in the capital and "intermediate" goods sectors than in the consumer sector.

The good news from the CBI is reinforced today by the latest forecast from the London Business School (LBS), which predicts that the economy will grow by nearly 3 per cent this year with the inflation *rate held at about 5 per cent. This is* close to the prediction of the Treasury in November.

The LBS Centre for Economic Forecasting believes that growth will continue for the next three years, although its rate will slow down to a little over 1 per cent by 1987.

It thinks that unemployment will fall slowly but steadily from 3m to 2.5m adults by 1987, with the inflation rate remaining in the 4½ – 5½ per cent range.

This forecast is markedly more optimistic about the prospects for inflation than the centre's recent predictions.

It also gives a very much rosier general picture than that from the National Institute of Economic and Social Research last week. The institute believes that the inflation rate will rise to 7.8 per cent by the end of next year, with unemployment continuing to rise to 3.2m and growth petering out by about the middle of 1985.

Even the institute, however, which has taken a consistently gloomy view of the course of recovery, has become more hopeful than it was last autumn about the state of the economy for the rest of this year.

It is now giving more emphasis to the view that lower inflation has helped to boost economic demand. The latest CBI survey provides some encouraging evidence that for the next four months at least the trend of price increases will remain moderate.

The balance of firms in the CBI survey saying that they expected to raise prices fell from 45 per cent in January to 37 per cent in February. Although this figure was higher than those recorded last summer, it was historically low, the CBI said.

The balance of companies reporting that their order books were "below normal" fell from 16 per cent in January to 10 per cent in February, while the balance expecting output to rise in the next four months rose sharply from 20 per cent in January to 30 per cent in February.

A small balance of 8 per cent of those surveyed indicated that their stock levels were still considered too high.

Israelis delay decision on troops

Continued from Page 1

bomb which killed 241 marines on October 23 last year.

Reuter adds from Jerusalem: The Israeli Government yesterday put off a decision on whether to redeploy its troops in south Lebanon after ending a two-week special debate on the subject, Mr Dan Meridor, Cabinet Secretary, said.

"The special Lebanon discussion was concluded today," Mr Meridor told reporters. "There were no decisions, but one could day that the result of not taking a decision today was basically a decision not to redeploy at this time."

The Cabinet made part of its deliberations as the ministerial defence committee, the proceedings of which cannot be published.

There has been growing public pressure on Prime Minister Yitzhak Shamir's Government to reduce the number of Israeli troops south of the Awali River defence line in Lebanon.

Mr Meridor said Israeli military activity north of the Awali, such as last week's large-scale ground operation and three air raids against guerrilla targets south and east of Beirut, represented the best way to prevent attacks against Israel.

"I would not call it a change of policy, but rather one of tactics."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	6	43	Dubrovnik	C	12	54	Malaga	C	19	66	Salzburg	F	2	36
Akrotiri	S	19	66	Faro	S	9	48	Malta	S	17	63	Seoul	C	3	37
Algiers	C	14	57	Florence	S	11	52	Manila	S	33	91	Singapore	S	31	88
Amsterdam	F	1	34	Frankfurt	C	3	37	Melbourne	S	14	57	Stockholm	C	-1	30
Athens	F	13	55	Funchal	C	17	63	Milan	S	8	46	Strasbourg	C	1	34
Bahrain	S	22	72	Geneva	S	2	36	Montreal	S	1	34	Sydney	C	24	75
Bangkok	S	34	93	Gibraltar	C	17	63	Moscow	S	-1	30	Tangier	C	16	61
Barcelona	F	8	46	Guernsey	S	3	37	Munich	C	1	34	Taipei	C	14	57
Beirut	S	21	70	Helsinki	S	-5	23	Nairobi	C	26	82	Tehran	[illegible]	[illegible]	[illegible]
Belgrade	C	6	43	H. Kong	C	16	61	Naples	C	10	50	Tel Aviv	F	20	68
Berlin	C	2	36	Innsbruck	Sn	0	32	New Delhi	F	20	68	Tenerife	F	20	68
Biarritz	S	6	43	Inverness	C	6	43	New York	S	-2	28	Tokyo	C	9	48
Blackpool	R	6	43	I.o. Man	C	4	39	Nice	S	8	46	Toronto	Sn	-4	25
Bordeaux	C	6	43	Istanbul	C	3	37	Oporto	S	11	52	Tunis	S	15	59
Boulogne	C	1	34	Jersey	S	3	37	Oslo	C	-4	25	Valencia	S	18	64
Brussels	C	2	36	Las Palmas	S	22	72	Paris	C	4	39	Venice	S	8	46
Budapest	C	1	34	Lisbon	F	17	63	Prague	S	4	39	Vienna	C	3	37
B. Aires	S	30	86	Locarno	S	12	54	Reykjavik	Sn	0	32	Warsaw	C	1	34
Cairo	F	21	70	London	F	3	37	Rio de Jo	S	40	104	Zurich	C	2	36
Cape Town	—	—	—	L. Angeles	S	18	64	Rome	C	12	54				
Caracas	—	28	82	Luxembourg	S	1	34								
Casablanca	S	17	63	Luxor	S	27	81								
Copenhagen	C	2	36	Madrid	F	8	46								
Corfu	S	15	59	Majorca	C	10	50								
Dublin	C	3	37												

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

AMC cash injection

Continued from Page 1

Jeep range with a small commercial vehicle.

Last year, AMC's Alliance model, adapted from Renault's European R9 model, successfully stopped the erosion of the group's sales and pushed shipments up from around 210,000 to a little over 300,000.

Jeep sales so far this year have doubled, and Alliance shipments have gone up by around 30 per cent. However, AMC has made no secret of the fact that it sees a need for a range of larger cars in its product mix, because of the particular demands of the U.S. market and the higher profitability of these larger models.

Mr Lepeu said much of the development of these cars would be carried out jointly with Renault.

● The timing of the sale of Jaguar Cars by BL has been held up by a continuing argument in Whitehall about the form of the disposal.

The probable option is a flotation on the stock market, either via an offer or a placing of all the shares in Jaguar. Special provision will be made for a large shareholding for existing management and employees, while the remaining tiny minority of non-Government shareholders in BL will be given preferential treatment.

Details, Page 8

THE LEX COLUMN

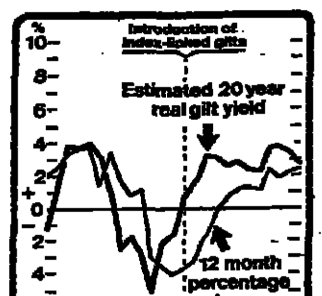
A short route to long rates

If the notion of a long-term real interest rate is notoriously slippery, it is one which the introduction of government index – linked stocks might have been expected to pin down once and for all. In a reasonably liquid market, problems of definition and measurement should fall away, leaving it clear that the 20-year real rate was simply the yield which lenders demanded of the appropriate indexed stock. Yet after almost three years – and with 10 stocks in the market – gilt-edged brokers still differ over how to calculate the indexed yields, and monetary analysts are still picking *conceptual thorns out of their fingers.*

Mr Gordon Pepper's lecture to the Faculty of Actuaries last week contained an ingenious attempt to make sense of long-run real rates without appealing to the evidence from indexed yields – steering clear on the grounds that the index linked market was insufficiently free and stable for Mr Pepper's requirements, and also not mature enough to show anything about the long real rates actually obtained by lenders – such as pension funds – over a span of years.

To measure these directly, however, would be very misleading. If real rates are calculated in a backward-looking fashion over the past 20 years – by deducting each year's retail price inflation from yields obtainable on 20-year stock at the time – the "real rate" fluctuates meaninglessly between about *minus* 10 per cent and *plus* 6 per cent. If the retrospective rate is taken over the whole life of a 25-year gilt-edged stock, then – as Mr Pepper notes – that ignores everything that happened to nominal yields over the 25 years before redemption. Mr Pepper's stratagem to avoid the pitfalls of both approaches is to estimate his long-term rates from data concerning short-term rates.

The trick is to estimate UK short-term real rates over a very long span – starting in 1824 – and then to add on a premium to find the yield on less liquid longer instruments. His conclusion is that real short rates have averaged about 2¼ per cent. Assuming that they were artificially depressed during periods when exchange controls forced investing institutions to bid up the price of domestic instruments leads to a forecast underlying short rate of 3 per cent; adding a liquidity premium of ½ a point implies realised long-term rates of 3¼ to 3½ per cent.



Using this construction to assess the actually available real interest rates in the market would seem to involve a peculiarly heroic leap, since that would mean taking the history of backward-looking rates as material from which to calculate prospective yields. Curiously, if comfortingly, the forecast is nevertheless very close to the yields currently obtainable on indexed stocks.

Oddly, the real yields imputed to conventional stocks by deducting declared expectations of inflation from their nominal yields are considerably further from indexed yields than is the Pepper forecast. Evidently, investors have to calculate prospective real yields on the basis of expected inflation; but if the expectations are taken at face value, conventional stocks consistently yield at least a point more than index linked – a discrepancy which needs to be explained, as is standard in terms of a risk premium: it may be that doing the sum net of tax will also serve.

Hanson/London Brick

Shareholders in London Brick have good reason for feeling grateful to Lord Hanson, whose altruistic bidding methods since he first began building a stake in Brick last year have helped to double the share price. Hanson's success in picking up more than a quarter of the shares in the market, mostly since announcing his final offer, suggests that in addition to avowed bid arbitrageurs, Brick's share register included not a few performance-minded investors who took 165p as their natural cue to leave the party.

Since Brick is unlikely to deliver another doubling in its share price over the next few months, should the Hanson bid fail tomorrow, active traders must already be looking for fresh action elsewhere. Yet for long-term holders of Brick – a share which has been somewhere in the hard core of the *institutional* portfolio for decades – the issue has remained teasingly hard to decide.

This is not least because one rewarding effect of Lord Hanson's persistence has been to draw London Brick into offering hostages. The promised dividend increases, spiced with early payment, should keep income funds happy for some time, while forecast earnings growth of no less than 57 per cent this year has, not surprisingly, dropped the prospective exit multiple to a point where it can be argued that the shares are still underpriced – at least in a bid.

Taking Brick's forecast of £36m before tax to be a demanding but attainable target, the shares are probably at a level which, now that so much fresh information has been pumped into the market, they could reasonably be expected to sustain. The two most serious arguments to the contrary stem from scepticism over Brick's claim to have cut loose from its old vulnerability to the construction cycle, and from fears that a frustrated Hanson might be unwilling to retain his 29.9 per cent holding as a mere trade investment (with no element of control).

Any risk that Hanson might undermine the share price by dumping his stake is surely minute; franked income would cover his holding costs until a fresh offer could be mounted next year and it is – at worst – hard to imagine what Hanson would have difficulty in finding an alternative bidder with whom to place the shares.

As for London Brick's trading future, there is already some evidence that the management has changed its spots – rather belatedly finding that profits support a share price with more effect than mere production – especially production for stock. Institutions – which are bound with time to possess increasingly handsome weightings of Hanson stock in any case – stand to lose little by giving Brick's management the benefit of the doubt, for a while and they gain something by preserving their direct access to Brick.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday February 27 1984

Furious reaction to Ireland's credit renegotiation request

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

IRELAND last week attempted to renegotiate the terms on a $500m credit signed as recently as last June.

Its move is one of the most telling indications yet of the speed with which margins have declined in the face of general market liquidity and competition from the floating-rate note market. Less than a year after they were negotiated, the terms on the loan in question are far out of alignment with the market.

It is a seven-year credit with repayments beginning after a grace period of four years. Margins were set at ½ per cent over Eurodollars for the first three years, rising to ⅝ per cent for the next four. Alternatively, lenders could subscribe at a rate of ¼ per cent over prime or 1.25 per cent over certificates of deposit (CDs), whichever is lower.

Ireland now wants the maturity of the credit extended to nine years and the grace period to 5½. It wants the Eurodollar margins reduced by ⅛ points and the margin over prime cut to a microscopic 0.05 per cent with the CD cut to 0.9 per cent.

Its request has provoked furious reactions from many participating banks. A meeting called by Citicorp, the loan agent, to discuss the changes on Friday was described as acrimonious by bankers attending. Citicorp itself came in for a good measure of criticism for promoting the renegotiation on which some bankers argue it stands to make extra money in fees.

The argument in favour of adjusting the terms is that it would bring them close to what Ireland would have to pay on the same borrowing today. The argument against that is first that it is unethical for a borrower to seek to tamper with the conditions so soon after a loan is signed. Many of the banks concerned are terrified that by giving in to Ireland they would provoke a spate of similar requests from other borrowers.

Second, many bankers disagree that Ireland could raise such cheap money today. If that were possible it should issue a floating rate note and prepay the debt as the loan contract allows, they argue. That would disappoint many lenders but at least it would not leave them feeling that Ireland is trying to break some of the basic rules in the market, a move that might rebound against the country when it seeks to borrow in future.

BHF Bank bond average		
Feb 24		Previous
99.424		99.361
High	1983-84	Low
102.017		97.699

Last week's other main talking point was the award by Colombia's electricity authority of the mandate for the commercial bank portion of the $370m World Bank co-financing package it is seeking in order to pay for several new power projects. Midland Bank is to co-ordinate the dollar portion of the loan, while Industrial Bank of Japan will be responsible for the yen portion.

Altogether, the commercial bank part of the package totals $200m, although the World Bank will put up 15 per cent of that and be responsible for extending the maturity from eight years to 9½ or 10 years. The dollar portion of the loan, which amounts to $175m, will bear interest at a margin of 1⅝ per cent above Eurodollars or 1½ per cent over prime, while the remainder will be raised in yen at a margin of 0.4 per cent over the long-term prime rate.

A feature of those terms is that they are more expensive than those paid by Mexico for its latest $3.8bn credit, which seems unfair when Colombia has managed to avoid rescheduling its debts. Moreover the loan will offer banks some protection against rescheduling, as the World Bank itself would have to sanction any alternation of the repayment schedule.

The margins are, however, the same as those paid by Colombia for its last commercial loan, which also had a shorter maturity of only six years. That seems to suggest that there is a price for voluntary lending to Latin America, a point which Mexico might have to bear in mind if it wants to return to normal relations with its bankers from next year.

That co-financing deal is to be followed up by a smaller operation in Paraguay, which has also avoided rescheduling, while elsewhere in Latin America, as already reported, Brazil is to start receiving the first $3bn from its $6.5bn jumbo loan on March 9.

In the Far East, Hongkong's Mass Transit Railway Corporation is considering raising $100m in the U.S. commercial paper market, while Korea Electric Power is seeking a $70m, eight-year loan at a margin of 0.2 per cent over prime or ⅜ over Eurodollars for six years rising to ½ thereafter.

Fierce bidding for Swedish $500m FRN

BY MARY ANN SIEGHART IN LONDON

THE LESS acceptable face of Eurobond market competition and machismo was in evidence last week in the form of fierce competitive bidding for a mandate from Sweden.

The last two "jumbo" floating rate notes for Sweden were led by Credit Suisse First Boston. Given their relatively generous terms, it seems unlikely that the mandates were won through price competition.

Then 10 CSFB bankers, including Swedish specialist Caleb Watts, defected to Merrill Lynch. Merrill, number two in the FRN lead management league tables, wanted to set itself up as a strong challenger to CSFB, which had nearly a third of the floater market last year.

It can hardly have failed to occur to Merrill that winning the Swedish mandate would be a big step along that road.

But winning a mandate is not enough to gain credibility in a market. The deal itself must go well, too. Merrill has done its best to ensure that the issue has not traded outside its 2⅛ per cent total fees by putting in a support bid at a price of about 98.

It underwrote $200m of the $500m issue and is thought to have bought back a substantial amount in the market. Co-managers report difficulty placing the bonds, although a novel deal like this does sometimes take time to attract investor interest.

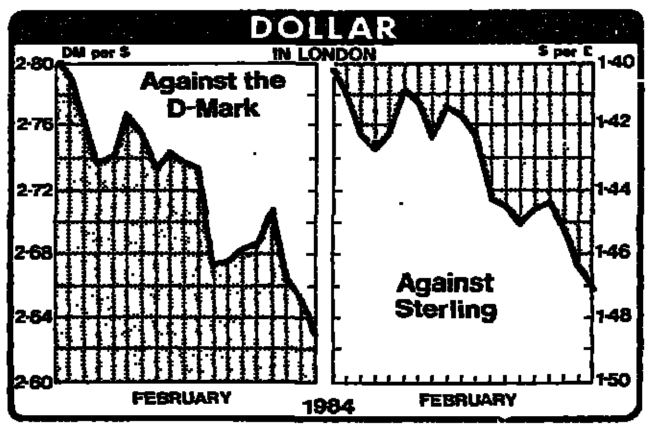
There are fears in the market that Merrill has overplayed its hand. In the euphoria surrounding the FRN market in January there was even talk of a "perpetual" floater with no final maturity – liquidity was thought to be so great that the life of a floater did not matter.

The feeling has changed, in the last two or three weeks, however. As one new-issue manager put it: "There is a leap in faith between a maturity of 20 years and one of 40. It might have worked a month ago, but to do it in a fragile market is very difficult."

The FRN market is looking distinctly fragile. Prices fell as much as ½ point last week – a large fall in this market, which normally has more price stability than the fixed-rate market.

It was also a dismal week for fixed-rate bonds. Apart from a mildly positive U.S. money supply figure, there was nothing but bad news in bond market terms. Following the trend of the New York market, prices of seasoned bonds fell 1-1½ points. Traders are now more bearish than they have been since last summer's lull, fearing a tightening of monetary policy by the Federal Reserve Board and therefore higher interest rates.

That, combined with the relative weakness of the U.S. dollar, has led investors to seek other pastures.



CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Nippon Oil §‡	50	1999	15	3¼	100	Yamaichi Intl., Robt. Fleming, Mitsui Fin., Nomura Intl.	3.250
Toyo Engineering ¶‡	30	1989	5	6½	100	Yamaichi Intl., Baring Bros., Dresdner Bk., Nomura Intl.	6.500
Takugin Intl. †(a)‡	100	1994	10	⅛	100	CSFB, Takugin Intl. Asia	–
Sparekassen SDS †‡	30	1991	7	⅛	100	EBC	–
Societe Generale †‡	200	1994	10	⅛	100	Soc Generale, Bk. of America, Merrill Lynch	–
Arab Banking Corp. †‡	100	1996	12	⅛	100	CSFB, ABC	–
Sweden †‡	500	2024	40	⅛	100	Merrill Lynch	–
Invs. in Industry ‡	100	1988	5	12	100	S.G. Warburg	12.000
Casio Computer Co. ¶	80	1989	5	6	100	Daiwa Europe	•
Tokyo Electric ¶	70	1989	5	6	100	Daiwa Europe	•
Fujitsu §	100	1999	15	3	100	Nikko Secs., Kleinwort Benson	•
CANADIAN DOLLARS							
Montreal Transit Commission ‡	20	1991	7	12⅛	100	Bque. Intl. a Lux.	12.125
D-MARKS							
Nippon Flour Mills ¶	30	1989	5	3½	100	Bay. Vereinsbank	•
SWISS FRANCS							
Toyo Engineering **§‡	50	1989	–	2	100	UBS	2.000
Nippon Oil §‡	100	1992	–	2⅛	100	CS	2.125
Nippon Oil **§‡	100	1989	–	1⅞	100	CS	1.875
Yokogawa Hokushin Elec. **¶‡	80	1990	–	3½	100	CS	3.500
Citizen Watch **§‡	50	1989	–	1⅞	100	Bank Julius Baer	1.875
ENEL †**‡	100	1991	–	⅛	100	Citicorp Bk. Switz.	–
Swed. Export Credit ¶‡	100	1994	–	7	–	UBS	7.000
Tokuyama Soda **§	50	1989	–	2	100	UBS	•
Japan Aviation Elec. **§	40	1989	–	2	100	SBC	•
OKB	100	1992	–	•	•	SBC	5.750
STERLING							
Asian Devt. Bank (p)‡	100	2009	25	10¼	97.918	S.G. Warburg	11.765
Yorkshire Intl. Fin. ¶(b)‡	75	1994	10	⅛	100	County Bank	–
Ind. Bank of Japan ‡	30	1990	8.2	11⅝	100	Samuel Montagu	11.625
CEPME †(b)‡	100	1996	12	⅛	100	Mgn. Grenfell, Mgn. Stanley, Saudi Intl.	–
LUX. FRANCS							
EIB ‡	1bn	1994	7.82	10½	99	Bque. Intl. a Lux.	10.667
BELGIAN FRANCS							
EIB ‡	3.5bn	1991	7	11¾	99	Soc. Gen. de Bque., BBL, Kredietbank Intl.	11.989
ECUs							
EIB ‡	100	1994	8.4	10⅝	99½	BBL	10.789
RATP	40	1992	7.025	10⅞	•	Credit Lyonnais, CCF, BBL	•
RATP	20	1994	9.5	11	•	As above.	•
YEN							
Portugal **‡	5bn	1991	6.4	8.4	99.9	Ind. Bk. of Japan	8.595
CCCE **‡	10bn	1994	9	8.3	100	Nomura Secs.	8.472
New Zealand ‡	20bn	1994	9	7.5	99.5	Yamaichi Secs.	7.716

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 6-month Libor. (a) Spread over mean of 6-month bid and offered rate. (b) Spread over 3-month Libor. ¶ With warrants. (p) Partly paid. II Dual currency issue repayable in dollars. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Further fall in prices as hopes of Fed easing disappear

THE NEAR month-long decline in U.S. bond prices continued last week and long-term yields hit their highest level for over six months. Fears about the rapid pace of the U.S. economic recovery and the acceleration in inflation have dispelled any earlier ideas that the credit markets might have had that the Fed might ease its grip.

For much of the holiday shortened week bond prices drifted lower but on Thursday Dr Henry Kaufman, Salomon Brothers' chief economist, handed down another of his gloomy prophecies about the direction interest rates were heading. He reiterated his view that rates will "continues to rise irregularly" this year and next and that long-term government bond yields, currently a shade over 12 per cent, could top the previous peak of 15¼ per cent. In adidtion, he believes the next move by the Fed "will be toward a tighter monetary policy."

Dr Kaufman has been wrong before and will no doubt be wrong again, but on Thursday he was preaching to the converted and bond prices took a nasty tumble with the Treasury 12 per cent bonds, due 2013, hitting a low-point of 98½ where they yielded 12.18 per cent at one stage on Thursday before recovering to finish the day at 98⅞.

The economic data coming out of Washington last week only added to the pessimistic tone set by Dr Kaufman's remarks. The durable goods orders for January rose by a seasonally adjusted 1.1 per cent. This was higher than the market had been expecting and even worse, the December figures were revised sharply upwards.

Mr Gary M. Wenglowski, Goldman Sachs' head of economic research, said last Thursday that he expected the U.S. gross national product to grow at 6 per cent in the first quarter of this year and at 5 per cent in the second quarter. Virtually all the evidence to date suggests that the U.S. economy has been expanding at a fast clip - in the opening months of 1984. Mr Wenglowski believes that long-term government bond yields will hit 13 per cent by the year-end and three-month certificates of deposit yields could rise by around 130 basis points to around 11 per cent.

He argues that the U.S. credit markets have not yet discounted a significant increase in inflation. He is forecasting that it will be running at 6½ per cent at the end of this year and will be higher still in 1985.

Last Friday's January consumer price figures did little to boost the credit markets' frail confidence. U.S. consumer prices rose by 0.6 per cent, the sharpest rise since last April and equivalent to a seasonally adjusted annual rate of 7.2 per cent. Mr Lawrence Kudlow, a former senior budget official in the current administration, is one of several top economists who argues that the uptick in the U.S. inflation is far from temporary. He argues that a "stimulative fiscal policy and an accommodative monetary policy" is likely to lead to inflation accelerating to a 7.5 per cent rate by the fourth quarter of this year.

Leaving aside the credit markets' understandable concerns about the stream of bearish economic data, bond prices are also being overshadowed by a considerable amount of inventory from the recent Treasury auction, which has still to find a permanent home.

Thursday's sharp sell-off in the U.S. bond markets was only arrested by the release of a surprisingly good set of money supply figures with M1 rising $300m and the previous week's figures were revised downwards. This helped offset some of the gloom instilled by Dr Kaufman's comments.

William Hall

U.S. INTEREST RATES (%)

	Week to Feb 24	Week to Feb 17
Fed funds weekly average	9.60	9.56
3-month CDs	9.66	9.50
3-month T-bills	9.13	9.05
30-year Treasury bond	12.10	12.01
AAA Utility	13.13	12.75
AA Industrial	12.85	12.63

Source: Salomon Bros. (estimates).
In this week ended February 13 M1 rose by $300m to $532.9bn.

Ciba-Geigy to increase payout after profits rise

BY JOHN WICKS IN ZURICH

CIBA-GEIGY, the Swiss chemicals and pharmaceuticals company, is to increase its dividends for both shares and participation certificates from SwFr 28 to SwFr 31 a share. This follows a 24.7 per cent rise in group operating profit last year to a record SwFr 776m ($354.3m) after tax.

In January the Basle-based company announced a 7 per cent improvement in group turnover to SwFr 14.7bn.

Operating cash flow rose from *SwFr 1.46bn to SwFr 1.58bn in 1983.* This is equal to more than 10.7 per cent of turnover, a level last reached in 1978.

● Nestlé, the Swiss-based foodstuffs group, has expanded its Canadian operations by the acquisition of Goodhost Foods, of Toronto, *at an undisclosed price.*

Goodhost, which has annual sales of some C$65m (U.S.$52m) and a workforce of 450, is a leading manufacturer and supplier to the food-service and retail trades of roast and ground coffee.

The Nestlé group has seven plants of its own in Canada. Six of these, controlled by Nestlé Enterprises of Don Mills, produce foodstuffs and the seventh, run by the Mississauga-based subsidiary Alcon Canada, produces opthalmological products.

● *Banca della Svizzera Italiana*, of Lugano, is to pay an unchanged dividend for 1983 of 12 per cent plus 1.5 per cent bonus. This follows a rise in net profits of 7.9 per cent for the year to a record SwFr 32.4m ($14.7m).

The balance-sheet total of the bank, the biggest in Italian-speaking Switzerland, expanded by 7.5 per cent to SwFr 5.45bn. Within this figure, clients, deposits grew by as much as 14.8 per cent to SwFr 3.7bn. Loans and advances to clients increased, despite restrained credit demand, by 8.2 per cent over the year to SwFr 2.3bn.

Texas Air posts $178m loss for year

BY OUR FINANCIAL STAFF

FURTHER hefty losses are reported by Continental Air Lines, which filed for Chapter 11 bankruptcy in September, and its parent, Texas Air.

Texas Air had a fourth quarter deficit of $55.5m, against a loss of $17.4m a year ago. This increased the year's loss to $177.9m from $48.9m. Revenues totalled $1.25bn for the year, against $1.52bn, with final quarter returns plunging to $187.9m from $341.4m.

Continental's fourth quarter loss widened from $21.7m in 1982 to $57.1m. This brought the annual deficit to $218.4m, against a $60.8m loss previously. Full-year revenues slipped to $1.11bn from $1.43bn while fourth quarter revenues tumbled to $145.8m from $317.8m.

In contrast Republic Airlines, the mainly domestic Minneapolis-based carrier, swung back into profit in the fourth quarter with net earnings of $4m, or 10 cents a share, against a loss of $27.3m, or $1.29.

For the year however, Republic was still in the red, with a net loss of $111m, or $4.28 a share, against $39.9m, or $1.99. Operating revenues slipped from $1.53bn to $1.51bn, with $386.4m ($348.6m) coming in the final quarter.

Sohio pulls out of oil shale project

By William Hall in New York

SOHIO, the U.S. oil company majority-owned by British Petroleum, is cutting back on its involvement in the pioneering oil shale industry in the U.S.

The group is pulling out of the $2.52bn Paraho-Ute oil shale project in north-eastern Utah, and, along with several other oil companies, is withdrawing its request for financial aid for its White River shale project.

The pace of oil shale development in the U.S. has slowed recently in response to lower crude oil prices

Sohio Shale Oil, the operating unit, said it continued to believe that oil from shale would contribute to the country's growing energy needs. But it believed the "development approach taken must be tailored to overcome the unique risks of this pioneering industry."

Sohio Shale Oil is reassessing its schedule for oil shale development. The company said it hoped its withdrawal would not prejudice the Paraho-Ute project or its application for financial aid from the U.S. Synthetics Fuel Corporation.

North American quarterly results

AM INTERNATIONAL

Second quarter	1983-84 $	1982-83 $
Revenue	144.3m	135.7m
Op. net profits	1.39m	2.29m
Op. net per share	0.14	0.23
Six months		
Revenue	283m	289.4m
Op. net profits	2.76m	†1.84m
Op. net per share	0.27	†0.18

† Loss

JWT GROUP

Fourth quarter	1983 $	1982 $
Revenue	131.6m	120m
Net profits	6.54m	†549,000
Net per share	1.07	†0.10
Year		
Revenue	460.2m	420.4m
Net profits	17.6m	267,000
Net per share	3.03	0.05

† Loss

LONE STAR INDUSTRIES

Fourth quarter	1983 $	1982 $
Revenue	235.1m	227.0m
Net profits	38.2m	15.9m
Net per share	2.60	1.06
Year		
Revenue	918.8m	869.8m
Net profits	21.2m	14.7m
Net per share	0.07	0.05

LOEWS

Fourth quarter	1983 $	1982 $
Revenue	1.37bn	1.13bn
Net profits	143.8m	73.8m
Net per share	13.23	6.57
Six months		
Revenue	5.26bn	4.62bn
Op. net profits	341.2m	215.8m
Op. net per share	30.76	18.10

NORCEN ENERGY RESOURCES

Year	1983 C$	1982 C$
Revenue	1.13bn	1.01bn
Net profits	81.9m	74.3m
Net per share	1.46	1.36

MOORE

Fourth quarter	1983 $	1982 $
Revenue	486.4m	466.8m
Net profits	24.6m	31.1m
Net per share	0.86	1.10
Year		
Revenue	1.81bn	1.85bn
Net profits	100.3m	102.2m
Net per share	3.53	3.63

NATIONAL CAN

Fourth quarter	1983 $	1982 $
Revenue	396.2m	343.9m
Net profits	6.8m	4.5m
Net per share	0.67	0.43
Year		
Revenue	1.65bn	1.54bn
Net profits	22.1m	34.1m
Net per share	2.13	3.35

NORTHWEST AIRLINES

Fourth quarter	1983 $	1982 $
Revenue	559.9m	473m
Net profits	11.6m	†2.57m
Net per share	0.49	†0.12
Year		
Revenue	2.2bn	1.88bn
Net profits	50.1m	5.02m
Net per share	2.19	0.23

† Loss

VF CORP

Fourth quarter	1983 $	1982 $
Revenue	275.1m	235m
Net profits	29.9m	26.8m
Net per share	0.91	0.82
Year		
Revenue	1.1bn	879.5m
Net profits	119.4m	91.6m
Net per share	3.64	2.82

WENDY'S INTERNATIONAL

Fourth quarter	1983 $	1982 $
Revenue	202.1m	158.4m
Net profits	14.8m	11.6m
Net per share	0.36	0.28
Year		
Revenue	720.4m	607m
Net profits	55.2m	44.1m
Net per share	1.35	1.13

INTERNATIONAL APPOINTMENTS

President named for EFIM

● The Italian Government has named a new president of EFIM, the smallest of Italy's three major state holding companies, writes Alan Friedman in Milan. Sig Stefano Sandri, president of the Cassa del Mezzogiorno (the development agency for southern Italy), has been named to succeed Sig Corrado Fiaccavento, who resigned last week, a year before his term was set to expire, as EFIM revealed a 1983 loss of L440bn ($265m) against a 1982 deficit of L389.5bn.

Sig Sandri, whose appointment must be confirmed by Parliament, was named by the Minister for State Participations, Sig Clelio Darida. Like his predecessor, Sig Sandri is a member of the Social Democratic Party. The post of EFIM president traditionally goes to a member of this party.

● Mr Keith E. Bailey has been elected president and chief operating officer of NORTHWEST CENTRAL PIPELINE CORP, a subsidiary of the Williams Companies. He remains chairman of the board of Williams Pipe Line Co, also a Williams company. Mr Bailey succeeds Mr E. S. Hanson, who has left Northwest Central to pursue other interests.

● Mr M. J. H. Brade has been appointed HOARE GOVETT'S chief representative in Tokyo. Mr Brade, previously director in charge of Hoare Govett's gilt and fixed interest operations in London, will take up his appointment on March 12. Mr Charles Edmonds, current chief representative in Tokyo, will return to London to take up a senior position in the international department. Mr Peter Lord has been appointed managing director designate of Hoare Govett (Far East) based in Hong Kong. He will succeed Mr Nigel Johnson-Hill from July 1, when Mr Johnson-Hill returns to head office in London to take up a senior position.

Mr Peter Lord, managing director designate, Hoare Govett (Far East)

● PROCTER AND GAMBLE has appointed Mr J. J. A. Handley as general buying and traffic manager, Europe, based in Brussels. He succeeds Mr A. Tanner, who is retiring. Mr Handley was director of purchasing and distribution. He is succeeded by Mr J. C. Pattullo, who is also appointed a member of the company's management committee.

● BROWN AND ROOT has appointed Mr W. F. Hill, a vice president to oversee all activities in the Netherlands. He will be based at the Nieuwe Waterswagstraat yard, Schiedam, Rotterdam.

● Mr Harold J. Meyerman has been named executive vice-president and manager of FIRST INTERSTATE BANK OF CALIFORNIA'S international division. Formerly senior vice-president and group head, Europe, for Bankers' Trust corporate department, based in London, Mr Meyerman has been responsible for multinational and other corporate business in Europe, including global insurance and shipping.

● PARK TOWER REALTY CORP has appointed Mrs Veronica W. Hackett as senior vice-president to direct the company's leasing and financing activities. She joined the New York-based real estate development company after nine years with Chemical Bank. Her most recent position with Chemical was senior vice-president real estate services division.

● EURO-CLEAR operations centre in Brussels has promoted Mr René Vangestaine to vice-president and Mr Peter J. Crouch, Mr Martine Diane and Mr Jacques-Philippe Marson to assistant vice president.

● Mr David Woods has been appointed head of information for GATT in Geneva. He replaces Mr John Croome who becomes director in charge of GATT's new trade policies division. Mr Woods was press adviser to the Secretary of State for Trade and Industry in London.

● BANKERS TRUST COMPANY has appointed Mr Peter F. Stevenson, vice president, as general manager of its branch in Bahrain. He succeeds Mr Robert L. Cummings, vice president, who has headed the branch since 1981. Mr Cummings has been assigned to Bankers Trust Company's New York headquarters as regional manager for North America within the bank's trade banking division. Mr Stevenson joined Bankers Trust Co earlier this year from Chase Manhattan where he was manager of a specialised trade finance unit in New York.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0¼ on week −0¾

DEUTSCHE MARK STRAIGHTS

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week −0¼

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROBOND TURNOVER (nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	2,112.3	1,513.5
Previous week	1,788.0	1,633.3
Other bonds		
Last week	9,359.1	15,486.1
Previous week	5,067.8	15,099.2

† Only one market maker supplied a price.

* No information available—previous day's price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co; Samuel Montagu and Co; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co; Swiss Bank Corporation International; Wood Gundy.

Closing prices on February 24

UK COMPANY NEWS

Steaua Romana into loss

A £110,701 loss before tax, against a £20,160 profit, was incurred by Steaua Romana (British) in the six months to end December 1983.

Income for the period came to £242,906 compared with £261,830 and higher amortisation of oil and gas interests of £123,448 (£41,322) left operating profits down at £53,731 (£161,147). A write-down on book investments of £199,515 (£150,985) took the company into the red at the taxable level.

The write-down arose from an exchange of the company's investments in Tiproc and Pearsall for shares in Tipperary Corporation, a listed U.S. oil exploration company.

While Steaua continued to investigate oil and gas prospects during the period, no substantial new investments were made.

FT Share Information

The following securities have been added to the Share Information Service:

Kia Ora Gold Corporation NL (Section: Mines-Australians).
Moray Firth Maltings (Beers, Wines and Spirits).
Welpac (Industrials).

HunterPrint chief optimistic on year

DESPITE the current competitive economic climate Mr Michael G. Hunter, chairman of Hunter Print Group, says he is optimistic that, backed by a continuing programme of investment, further progress will result for the group in 1984.

As already reported on February 17, pre-tax profits of this quality colour printer expanded by 27 per cent from £1.12m to £1.71m, for the year to October 2, 1983, on sales of £20.79m against £18.66m.

Shares of this company are traded on the Unlisted Securities Market.

Mr Hunter tells shareholders that the current financial year has made a good start with turnover and profits showing an improvement over the corresponding period of last year.

Commenting on the year under review he says that 1983 was an "exceptional" year for the group. In spite of competitive trading and an active period of development involving a major programme of relocation, reorganisation, capital investment and acquisition, increased profits were returned for the 18th consecutive year.

He adds that the performance was remarkable because the year saw no real upturn in advertising and publishing, a major source of sales.

In August, group headquarters were moved from Radlett to Corby in Northamptonshire, where the special products division is now consolidated.

Printing of commercial products is now concentrated at Peterlee in County Durham, where the group's first 48-page full colour press has been installed, which increases the plant's capacity by 44 per cent.

Companies within the group specifically organised to provide finishing facilities, Graphic Binding and Peterlee Print Finishers again made a "useful contribution to profits."

Last August the group acquired control of Sir Joseph Causton & Sons (Eastleigh) and Causton Repro for a nominal sum. Group capacity in high quality web and sheet-fed colour printing was expanded by 30 per cent by this purchase and new contracts worth £2.5m have been secured.

Group fixed assets for the year grew from £4.15m to £9.94m. There were net current liabilities of £1.59m (assets £611,000). Shareholders funds rose from £4m to £5.3m.

Meeting: Ironmongers' Hall, Barbican, EC on March 20 at 2.30 pm.

Cluff Oil counters bid rejection

ALGY CLUFF'S oil exploration company, Cluff Oil, has countered the rejection by Oil and Associated Investment Trust of Cluff's Oil's £16m cash bid, with further arguments in support of its bid in a letter to Oil and Associated shareholders.

Cluff Oil rejects the defence of Oil and Associated that it is a "unique investment in a high yielding portfolio of quality companies in the oil and energy-related sectors." Cluff says there are several other investment trusts which specialise in oil company shares which are presently on discounts averaging around 25 per cent to net asset value.

Cluff also argues that if shareholders want to liquidate their investment then the present offer underwritten by Samuel Montagu, which is equivalent to 102 per cent of net asset value calculated on a middle market price of the portfolio, is better than shareholders are likely to get if they wait for a liquidation at a later date with accompanying dealing costs.

The first closing date for Cluff's offer is Thursday March 1. It is offering its own "R" shares, taking their price as 100p to the value of 116 per cent of the net asset value of each Oil and Associated share.

Solid foundation for Securiguard

THE ADDITION of Property Guards has increased Securiguard Group's number of employees to around 2,500 with contracts and assignments operating from the Shetlands to the West of England. This provides a very solid foundation from which to develop the group's activities in the future, Mr A. P. Baldwin, the chairman, says in his annual statement.

"Our policy will be to seek further acquisitions in the security, cleaning and allied service sectors as suitable opportunities arise," he adds.

As reported on February 1, the 1982-83 year was one of continued growth for the group, which came to the USM last May. Sales rose by over 23 per cent to £7.5m in the 52 weeks to October 30, and pre-tax profits by over 70 per cent to £532,000 (£313,000 for 53 weeks). As forecast in the prospectus, a dividend of 0.875p net per share is being paid for the year.

The Academy cleaning division's core busines—commercial office cleaning contracts—represented some 85 per cent of its annual turnover, with further major contracts being secured in 1983. Marketing strategy was strengthened during the latter part of last year and the company expects to capture a larger market share throughout the current year.

In contrast, contracting-out of NHS cleaning services has been disappointingly sluggish since Regional Health Authorities have been slow to respond to the Secretary of State's circular on competitive tendering for ancillary services, Mr Baldwin states.

Academy is well placed to win business in this sector, as the division is one of twenty companies listed as an approved Health Authority contractor. The potential for the company is enormous, the chairman says, with the market in NHS cleaning services amounting to over £200m.

The security division again achieved excellent growth. Within the past three years its three original operating centres have established a secure foothold in a highly competitive market.

The rising trend in offences of robbery, burglary and theft from buildings. Coupled with stretched police resources, has created an expanding demand for the company's services and, consequently, the opportunity to broaden the operation.

Significant inroads have been made in obtaining contracts with the Public Sector. In the last half of 1983, Securiguard gained long-term contracts with the Public Sector worth some £500,000. As the level of contracting-out increases. Mr Baldwin reasonably expects the security company to be successful in a higher proportion of tenders in this area.

Nonetheless, the security division, like Academy, currently records only a modest proportion of its turnover in Public Sector work.

The group's organic growth is beginning to be complemented by strategic acquisitions. Property Guards, a Liverpool-based manned security company, was acquired in November 1983 and the chairman is extremely confident that this addition to its security operations will make a major contribution to the future prosperity of the group.

Once the integration process has been completed, the group will have a much larger security division, a UK-wide spread of locations and the basis for greater opportunities for its cleaning as well as security services, Mr Baldwin says.

Meeting, Savoy Hotel, WC, March 21, at noon.

Electronic Machine to progress

The current year should show "pleasing progress" Mr Peter Anninos, the chairman, told shareholders at the Electronic Machine Co annual meeting.

However, he pointed out that the early months of the year had been held back by further trading difficulties in the precision engineering subsidiary. These had been largely overcome, he said, and the main benefit should therefore not be expected until the second half of the year.

He said that certain major orders were in course of negotiation.

The contract for the sale of the Thornton Heath property was due for completion on February 29. The proceeds of around £200,000 would put the group into the black with its bankers, he said, for "the first time in memory."

BIDS AND DEALS IN BRIEF

On February 22 S. G. Warburg and Co, as an associate of MERCANTILE HOUSE HOLDINGS, sold on behalf of discretionary investment clients 263,600 ordinary 25p shares.

Atlantic Computers and Tullett and Tokyo Forex International have reached an agreement as a result of which Atlantic has formed a new subsidiary to enter the medical and dental equipment market.

The subsidiary, Atlantic Medical, has acquired the existing management and goodwill of Tullett and Riley Leasing Limited for £25,000 cash.

* * *

Fairey Construction, a leading installer of complex electro-mechanical plant for the nuclear power industry, has acquired F.E.S. Northern and its subsidiaries for a purchase price of £62,500.

F.E.S. Northern has an established reputation for design, manufacture and erection of pipework systems and the workshops and field fabrication of tankage and vessels for the fine chemical, nuclear and pharmaceutical industries. Its annual sales are around £1m.

Fairey Construction is a wholly owned subsidiary of Fairey Engineering of Stockport, which itself is an operating company within Fairey Holdings, the engineering sector of S. Pearson & Son.

SHARE STAKES

Hammerson Property Investment and Development Corpn.—The following holdings have arisen from the recent placing:—Australian Mutual Provident Society acquired an additional 104,500 ordinary and 370,500 A ordinary. Bank of Scotland 1976 Staff Pension Scheme acquired an additional 33,000 ordinary and 117,000 A ordinary and its holding is now 1.35m ordinary (8.3 per cent) and 150,000 A ordinary (0.26 per cent). Standard Life Assurance Company percentage holding has changed only as a result of the enhanced issued capital of the company. Its holding is now 2,426,353 ordinary (14.93 per cent) and 13,967,200 A ordinary (24.03 per cent).

General Stockholders Investment Trust — County Bank and/or its associates, has an interest in 740,000 ordinary (5.14 per cent of a class of capital with unrestricted voting rights).

Martin Ford—the Martin Ford Trust, of which Mr Michael D. Ford (managing director and secretary) is a beneficiary, has sold 200,000 ordinary shares.

Energy Finance and General Trust—Mr John Cooper, a director, has purchased 20,000 ordinary (restricted voting) shares. London Trust has disposed of 500,000 ordinary (restricted voting) shares thereby reducing its holding to 2,268,090 shares (23.03 per cent).

Reliant Motors—Mintinix has bringing its holding to 575,000 acquired a further 25,000 shares shares (10.38 per cent).

Mercantile House Holdings—S. G. Warburg and Co, as an associate of Mercantile House Holdings, sold 263,600 ordinary shares at 412p on behalf of discretionary investment clients.

Cosalt—John M. T. Ross has ceased to have a beneficial interest in 34,673 ordinary shares held in the name of his son who is now 18.

Espley-Tyas Property Group—P. J. Gilman, a director, has sold 104,547 ordinary shares.

Associated Fisheries—Following recent acquisitions Eastern Produce (Holdings) and its subsidiaries now hold an interest in 7,769,000 ordinary shares.

A & M Hire—C. P. MacLean, a director has disposed of 1m shares and is now the registered holder of 15.75m shares (35.8 per cent).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Apex Properties, Continental Microwave, Fil. Intereuropean Technology Services, Jos Holdings, Kenyon Securities, Michael Peters, Victor Products.

Finals: Vickers.

FUTURE DATES

Interims—
Burndene Investments ... Mar 2

Finals—
Allgemene Bank Nederland ... Mar 2
Appleyard ... Mar 15
British Vita ... Mar 5
Consultants (Computer and Financial) ... Mar 1
D. J. Security Alarms ... Mar 1
DRG ... Mar 28
Ericsson (L. M.) (Telefon-aktiebolaget) ... Mar 8
GRA ... Mar 1
Kleinwort, Benson, Lonsdale ... Mar 1
Olives Paper Mill ... Feb 28
Provident Financial ... Mar 6
Philips' Lamps ... Mar 8

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or -	Net dividend	Times covered	Gross yield	P/E Ratio
‡‡	F.P.	[illegible]	[illegible]	[illegible]	Aberfoyle Plants 8p	30	+5	[illegible]	[illegible]	[illegible]	[illegible]
158	F.P.	[illegible]	[illegible]	[illegible]	Assoc. Energy Ser. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	[illegible]	[illegible]	[illegible]	Brint Invs. £1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
93	F.P.	[illegible]	[illegible]	[illegible]	CML Micro'stems 10p	212	+7	[illegible]	[illegible]	[illegible]	[illegible]
275	F.P.	[illegible]	[illegible]	[illegible]	Cable & Wireless 50p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	[illegible]	[illegible]	[illegible]	Circaprint Hldgs 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	[illegible]	[illegible]	[illegible]	Gibbs New	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	F.P.	[illegible]	[illegible]	[illegible]	Grosvenor Sq. Pp. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	F.P.	[illegible]	[illegible]	[illegible]	Kent (John) 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	[illegible]	[illegible]	[illegible]	LPA Inds. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
110	F.P.	[illegible]	[illegible]	[illegible]	Moreau Hldgs. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	Morgan Comm. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	Radio Clyde NV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
83	F.P.	[illegible]	[illegible]	[illegible]	Sangers Photo. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	[illegible]	[illegible]	[illegible]	Shires Inv. Warrants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Synterials 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
105	F.P.	[illegible]	[illegible]	[illegible]	Unibond	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
110	F.P.	[illegible]	[illegible]	[illegible]	Valin Pollen Int'l. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	Xylitx 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or -
87.918	£25	[illegible]	[illegible]	[illegible]	Asian Dev. Bk. 10½% Ln. 2009	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Atlanta Inv. Tst. 7% Cnv. Red. Cum. Prf.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	BAT Inds. 12¼% Uns. Ln. 2003/08	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Do. Fltg. Rate Cap. Nts. 1986/90	[illegible]	[illegible]
97.072	£25	[illegible]	[illegible]	[illegible]	Brixton Est. 11¼pc 1st Mort. Deb. 2023	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Bulmer (H.P.) 6¾% 2nd Cum. Prf.	[illegible]	[illegible]
99.15	£25	22/3	27¾	24¾	Elf (U.K.) 12¼% Uns. Ln. '91	27¾	
§98.548	F.P.	—	99	98	Grainger Tst. 11¾% 1st Mort. Deb 2024	98½	+½
99.714	£30	26/4	33¾	30	Int. Bk. for Rec. & Dev. 11.5% Ln. 2003	32	—½
‖	£30	10/11	48	30½	Lon. Shop Prop. 9pc Cnv. 94/99 Ser II.	42	
§96.711	£25	15/6	25⅛	24½	MEPC 10¾pc 1st. Mort. Deb. 2024	24¾	—¼
¶101	£10	14/3	10¼	10¼	Mid-Southern Wtr. 6¼% Red. Prf. 1991	10¼	...
—	F.P.	—	100⅛	100	Nationwide 10¼% Bds. 28/1/85	100⅛	...
—	F.P.	—	100¼	100	Do. 10⅜pc 18/3/85	100¼	...
$97.80	£25	12/7	26⅛	25½	Province de Quebec 12¼% Ln. 2020	25¾	—½
99.44	£25	13/4	27¾	25¼	Queens Moat 12% 1st Mort. Deb. 2013	27¾	
100	F.P.	—	100¼	98¼	Rochdale Met. Bor. 11.10% Red. 2006	100	...
‡‡	F.P.	30/3	102¾	107¾	Slough Ests. 12⅜% Uns. Ln. 2009	102¾	+¼
99.893	£30	21/3	32⅝	32⅛	Spain 12% Ln. 1988	32½	—⅛
98.50	£25	11/5	25⅛	25⅛	TR City of London 11½pc Deb. 2014	25⅛	...

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or —
—	F.P.	—	225	138	East Dagga Options	218	+5
160	F.P.	3/2	208	196	Ellis & Everard	198	.....
50	Nil	—	6pm	5pm	✣Greenwich Cable Comm.	5pm	....
275	Nil	9/3	44pm	38pm	Higgs & Hill	38pm	....
137	Nil	8/3	22pm	15pm	McCorquodale	16pm	....
535	Nil	—	235pm	210pm	✣Micro Focus 10p	235pm	+15
350	Nil	29/2	44pm	28pm	Sketchley	32pm	—2

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Armstrng Equip	Mar 23	Interim 0.35
BAT Inds	Apr 7	Final 15.0
BCA	Mar 17	Interim 2.0
*BICC	Mar 21	Final 7.04
BL	Mar 18	Final nil
BP	Mar 17	Final 14.0
BPCC	Apr 5	Final 5.09
BTR	Mar 16	Final 5.25
Babcock Intl	Mar 30	Final 3.6
*Barclays Bank	Mar 5	Final 11.0
*Barratt Develpts	Mar 13	Interim 4.2
Bejam	Mar 17	Interim 1.5
Bell (A.)	Mar 23	Interim 2.0
*Bibby (J.)	Mar 20	Final 5.15
Boddingtons' Brews	Mar 10	Final 2.25
Booker McConnell	Mar 29	Final 2.25
Bowater	Mar 29	Final 3.5
Brent Chems Intl	Mar 22	Final 1.9
British Aerospace	Mar 29	Final 5.2
British Vita	Mar 8	Final 2.7
Britoil	Mar 15	Final 3.75
Brooke Bond	Mar 15	Interim 1.25
Bunzl	Mar 29	Final 4.5
Burton	Mar 22	Interim 3.1
*Cadbury Schweppes	Mar 8	Final 3.5
Cement Roadstone	Mar 15	Final 3.56
Coates Bros	Apr 6	Final 2.42
*Cons Gold Fields	Mar 6	Interim 5 sen
*Cons Plants	Mar 1	Final 4.0
Croda Intl	Apr 7	Final due
*DRG	Mar 28	Interim 8.5
De Beers	Mar 15	Final 25c
Dalta	Mar 28	Final 1.58
Eastern Produce	Mar 14	Final 3.5
Exco Intl	Mar 29	Final 3.1
*Fisons	Mar 5	Final 7.5
Freemans	Mar 28	Final 2.25
*General Accident	Feb 29	Final 9.5
General Mining	Mar 10	Final 120c
*Grindlays	Feb 28	Final 4.464
*GKN	Mar 14	Final 4.0
GRE	Mar 29	Final 12.5
Glynwed	Mar 28	Final 4.9
Harris Queensway	Mar 25	Final 4.0
Hepworth Ceramic	Mar 24	Final 3.35
*HK Shanghai Bank	Mar 13	Final HK$0.37
Hoover	Feb 17	Final nil
Horizon Travel	Mar 17	Final 2.8
*IMI	Mar 12	Final 2.0
*Ibstock Johnsen	Mar 29	Final 3.0
Kleinwort Benson	Mar 29	Final 8.0
LWT	Mar 29	Interim 4.494
Ladbroke	Apr 7	Final 4.3
*Laing Props	Mar 20	Final 3.0
Laird Group	Apr 9	Final 2.1
Legal and General	Mar 30	Final 11.0
Lex Service	Mar 25	Final 6.0
*Lloyds Bank	Mar 9	Final 14.86
*Lasmo	Mar 13	Final 6.5
*Low and Bonar	Mar 28	Final 3.0
Lucas Inds	Mar 31	Interim 2.6
*Marley	Feb 29	Final 1.5
*Midland Bank	Mar 8	Final 17.5
Mills and Allen	Mar 14	Interim 4.0
*Mitchell Cotts	Mar 1	Interim 1.5
*NatWest	Mar 6	Final 18.4
News Intl	Mar 3	Interim 3.499
Ocean Transport	Mar 23	Final 2.35
Paterson Zochonis	Mar 22	Interim 1.33
Peachey Prop	Mar 22	Interim 2.25
*Philips' Lamps	Mar 8	Final due
Phoenix Assur	Apr 8	Final 10.2
Pritchard Services	Mar 24	Final 2.1
*Provident Financial	Mar 6	Final 5.58
*Prudential	Mar 28	Final 10.0
*Ransomes Sims and Jefferies	Mar 5	Final 8.86
Reckitt and Colman	Mar 29	Final 6.6
*Rentokil	Mar 20	Final 2.05
Rowntree Mackintosh	Mar 16	Final 5.9
Royal Dutch Petroleum	Mar 10	Final Fl 4.65
*Royal Insce	Mar 1	Final 16.5
Ruberoid	Apr 6	Final 4.0
Scottish Metro Prop	Apr 8	Interim 1.5
Sedgwick	Mar 10	Final 4.5
Senior Eng	Apr 8	Final 0.75
Shell Transport	Mar 10	Final 12.6
*Sime Darby	Mar 3	Interim 4 sen
Slough Ests	Mar 23	Final 2.075
Smith and Nephew	Mar 22	Final 2.8
Standard Chartered Bk	Mar 22	Final 17.8
*Steetley	Mar 12	Final 3.0
Sun Alliance	Apr 6	Final 28.5
Superdrug	Mar 29	Final due
*TI	Mar 15	Final 5.0
*Telefusion	Mar 2	Interim 0.82
*Transport Develpmt	Mar 15	Final 3.0
Tricentrol	Mar 24	Final 5.6
*Turner and Newall	Mar 21	Final nil
Ultramar	Mar 10	Final 9.5
*Unilever	Mar 6	Final 18.87
*Unilever NV	Mar 6	Final Fl 14.56
*Utd Biscuits	Mar 15	Final 3.55
United Newspapers	Mar 23	Final 3.55
*Vickers	Feb 27	Final 7.5
Vosper	Mar 29	Final 3.0
Weir	Mar 30	Final 1.75
*Willis Faber	Mar 20	Final 12.5
Wolseley-Hughes	Mar 16	Interim 5.08

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

FINANCIAL TIMES STOCK INDICES

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 20	Feb. 17	1983/84 High	1983/84 Low	Since Compilation High	Since Compilation Low
Government Secs.	82.39	82.90	82.96	82.98	82.79	82.78	83.77	77.00	127.4	49.18
Fixed Interest	86.90	86.99	87.04	87.08	87.03	87.05	87.47	79.03	150.4	50.53
Industrial Ord.	819.8	806.9	810.4	819.3	812.5	816.2	840.5	598.4	840.5	49.4
Gold Mines	656.5	617.0	658.3	652.4	616.9	606.7	734.7	444.6	734.7	43.5
FT-Act. All Share	491.30	489.89	494.02	494.30	490.86	491.99	504.73	382.22	504.73	61.92

Decision to establish ombudsman justified

BY ERIC SHORT

THE Insurance Ombudsman Bureau has been in operation for almost three years, being set up in March 1981 by three insurance groups — General Accident, Guardian Royal Exchange and Royal Insurance.

The annual report of the bureau for 1983 published last week, showed that the public is making increasing use of its services. Last year, it received 3,279 inquiries—over 700 more than in the previous year.

These figures may seem insignificant when set alongside the estimated 3.8m personal insurance claims handled every year by the UK insurance industry. But they show that no matter how efficient or how personal insurance companies handle claims, they will never achieve 100 per cent satisfaction with the insurance public.

There is a need for a final independent arbiter to handle disputes between insurance companies and their policyholders.

The insurance industry, under the auspices of the British Insurance Association, looked at the possibility of establishing a central body to handle insurance disputes. But the initiative failed in the face of indifference at the time from the majority of companies, and the outright hostility of a minority.

So these three insurance groups decided to go it alone in establishing the bureau and had been joined by a further six insurance groups at the time of the launch.

The decision by these groups to press ahead has been fully justified. One main objection to the idea of an ombudsman was that it was not necessary, since the small number of complaints would not justify the expense. Insurance companies were indifferent, simply because they could not see the need for the service.

The activities of the bureau have demonstrated otherwise and companies have seen the public relations benefit of such a service. By the end of 1983 there were 52 groups covering 125 insurance companies which were members of the bureau.

The workload has been such that Mr James Haswell, the ombudsman, has taken on an assistant, Miss Heather Ridge. The load is expected to grow even further as the public become more aware of the bureau and the services provided by Mr Haswell and his staff.

Analysis of inquiries received in 1983 by the Insurance Ombudsman Bureau

Type of policy	Number of inquiries
Motor	943
Motor—third party	480
Household buildings	476
Household contents	447
All risks	64
Personal accident	49
Travel	130
Marine	21
Commercial	72
Miscellaneous (non-life)	175
Total non-life	2,857
Life	382
Pensions	40
Total inquiries received	3,279

The original hostility came from insurance companies who thought the ombudsman would be a "consumer champion" and automatically rule in favour of the complainant and against the insurance company. This has not turned out to be the case.

Last year, Mr Haswell revised the insurance company's decision in 52 cases, while the companies revised their original decisions 475 times. But Mr Haswell upheld the companies' decision in 232 cases, while in 462 cases the complainant dropped his inquiry after the bureau had explained the conditions of the case. There is no sign in these figures of any consumer bias by the ombudsman.

Nevertheless, it would appear that some policy holders consider that the ombudsman should be on their side. Mrs Joan Macintosh, chairman of the council of the bureau, felt it necessary to clear up this misunderstanding in her preface to the 1983 report.

She reaffirmed that the ombudsman is "a fair understanding and free source of impartial judgment on the cases brought to him."

Mr Haswell, Mrs Macintosh and the bureau have expanded their roles far beyond being a simple complaints handling service. They are using the experience acquired in handling a *myriad of complaints to point* out to both consumers and insurance companies the defects and misunderstandings in current attitudes, and how these can be altered to avoid future complaints.

In his report Mr Haswell urges companies to be clear in their policy wording and in explanations to policy holders. He wants insurance companies to ask simple unambiguous questions on their proposal forms, even if this *means having to use longer* forms. He also wants much more explanation by the insurance companies of the terms used. He points out that one or two companies have changed their policy forms to incorporate suggestions made by him.

These extensions of activities have made the bureau an integral part of the UK insurance industry, a role recognised by Prof Jim Gower in his report published last month on investor protection.

He wants the role of the *bureau expanded* and for the ombudsman to be able to handle complaints relating to third persons and to other matters not within his orbit. And he wants the bureau to be given legal backing.

The Insurance Ombudsman Bureau annual report 1983, available free (enclose sae) from The Insurance Ombudsman Bureau, 31 Southampton Row, London WC1B 5HJ.

Business in Parliament

TODAY

Commons: debate on changes in conditions of service in Government Communications Headquarters on a motion for the adjournment of the House.

Lords: Cable and Broadcasting Bill, report. Supplementary Benefits (Requirements) Amendment Regulations 1984, motion for approval.

Select Committees: Education, Science and Arts—subject: effect on the arts of the abolition of the GLC and the metropolitan authorities. Witnesses: Museums and Galleries Commission; Theatrical Management Association; Association of British Orchestras. (Room 6, 4.30pm).

Environment—subject: green belt and land for housing. Witnesses: Department of Environment officials (Room 20, 4.30 pm).

Public Accounts — subject: Wardale Inquiry into Property Services. Agency frauds: systems controls in district works offices. Witnesses: Sir Geoffrey Wardale; Mr A. M. Alfred. Property Services Agency (Room 16, 4.45 pm).

TOMORROW

Commons: Welsh affairs debate on adjournment motion.

Lords: Mental Health (Scotland) Bill, committee. Town and Country Planning Bill, third reading. Education (Amendment) (Scotland) Bill, third reading. Housing and Building Control Bill, committee.

Select Committees: Education, Science and Arts—subject: effect on the arts of the abolition of the GLC and metropolitan authorities. Witnesses: Association of Metropolitan Authorities; Birmingham City Council, London Borough of Bromley, Newcastle-upon-Tyne City Council, London Borough of Tower Hamlets; Association for Business Sponsorship of the Arts (Room 16, 10.30 am).

Parliamentary Commissioner for Administration—subject: Ambulance service. Co-operation between health authorities and social service departments. Witnesses: Airedale Health Authority, Yorkshire Regional Health Authority, North Bedfordshire Health Authority, and Bedfordshire County Council (Room 5, 5.00 pm).

WEDNESDAY

Commons: consideration of timetable motion on the Rates Bill. Motions on EEC documents on contracts negotiated away from business premises, and on food aid. Opposed private business after 7 pm.

Lords: debate on the Government's handling of foreign affairs and disarmament negotiations. Criminal Trespass Bill, second reading.

Select Committees: Defence—subject: weapons performance in the Falklands. Witnesses: Ministry of Defence (RAF). (Room 16, 10.30 am).

Welsh Affairs—subject: the impact of regional industrial policy on Wales. Witness: Welsh Development Agency (Room 18, 11 am).

Home Affairs—subject: remands in custody. Witnesses: Magistrates Association; Barristers' Clerks' Association (Room 5, 4.15 pm).

Public Accounts — subject: systems control in district works offices. Witness: Mr A. M. Alfred. Property Services Agency (Room 16, 4.15 pm).

Environment—subject: green belt and land for housing. Witnesses: Housebuilders Federation and Volume Housebuilders Study Group and Consortium Developments (Room 20, 4.30 pm).

Trade and Industry—subject: British Steel Corporation. Witnesses: BL representatives (Room 15, 4.30 pm).

Treasury and Civil Service Sub-committee—subject: acceptance of outside appointments by Crown servants. Witnesses: Confederation of British Industry and Institute of Directors (Room 6, 4.30 pm).

THURSDAY

Commons: motion on the Appropriation (Northern Ireland) Order.

Lords: Cable and Broadcasting Bill, report. Orkney Islands Council Order Confirmation Bill, third reading. Western Isles Island Council (Kallin Pier, Harbour Jurisdiction) Order. Confirmation Bill, report. Air Navigation (Noise Certification) Order, 1984, motion for approval.

Select Committee: Agriculture—subject: the effect of feedstuff prices on the UK pig and poultry industries. Witness: Ministry of Agriculture, Fisheries and Food. (Room 16, 10.45 am).

FRIDAY

Commons: Private Members' motions.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Barr (A. G.). 1306, Gallowgate, Glasgow. 11.00
Cosalt. Fish Dock Road, Grimsby. 12.00
Dewhurst & Partner, Melbourne Works, Inverness Road, Hounslow, Middlesex, 4.00

BOARD MEETINGS—
Finals:
Vickers
Interims:
Apex Props
Continental Microwave
FII
Intereurope Technology Services
Jos Hldgs
Kenyon Secs
Peters (Michael)
Victor Prods

DIVIDEND & INTEREST PAYMENTS—
Bootham Engineers 3p
Dixons Grp 1.6p
Dobson Park Inds. 3.31p
Hughes Tools 21 cts
London Inv. Tst. 0.406p
McCarthy & Stone 2.5p
Racal Elec. 0.73p
Raeburn Inv. Tst. 5.15p
Wearwell 1.7p

TOMORROW

COMPANY MEETINGS—
Guinness (Arthur), Toucan Inn, Park *Royal Brewery, NW, 2.45*

BOARD MEETINGS—
Finals:
Blagden Inds
First Scottish American Tst
Macpherson (Donald)
Miss World
TSL Thermal Synd
Interims:
Amstrad Consumer Elecs
Ind Fin and Inv
Raine Inds

DIVIDEND & INTEREST PAYMENTS—
Alexander & Alexander Servs 25 cts
Allnatt London Props 10½pcDb 1994-99 5¼pc
Atkins Bros. 1.925p
Automated Security 8pcPf. 4p
Bank of Montreal 49 cts
Barrow Milling 6½pcPf 2.1125p
Berry Tst. 4¼pcLn 1993 2⅛pc
Burmah Oil 8½pcLn 1991-96 4¼pc
Burton Grp 6.9p
Carlton Comunications 2.9p
Cigna O'seas Fin 13pcLn 2008 5.927 cts
Dee Corp 7p
Derby Tst. 13.924p
Dowty Grp 7pcLn 1986-91 3½pc
Duport 3½pcPf 10.5p
Ecclesiastical Hldgs 13pcDb 2018 8.9041p
Electricite de France 12½pcLn 2008 6¼pc
Do. 12½pcLn 2008 (Br.) 6¼pc
Excalibur Jewellery 11.5pcPf 5.75p
Foster (John) 9pcLn 1988-92 4½pc
Grant (James) 7½pcDb 1991-96 3¾pc
Guthrie Corp 7¼pcLn 1985-90 3⅝pc
HAT Grp 7.65p
Hepworth (J.) 5½pcDb 1979-84 2¾pc
Do. 7pcDb 1986-91 3½pc
Do. 7¾pcDb 1987-92 3⅞pc
ICL 6pcDb 1983-88 3pc
Intervision Video 7pcPf 3.5p
Kwik-Fit (Tyres Exhausts) 8pcLn 1979-85 4pc
Liverpool 13pc 1985 6.5pc
London St Lawrence Inv 5pcPf 1.75p
London Strathclyde Tst 5pcPf 1.75p
Magnet Joinery 9pcDb 1989-94 4½pc
May Hassell 6pcPf 2.1p
New Court Tst. 5¼pcDb 1983-85 2⅞pc
Do. 7¼pcDb 1986-91 3⅝pc
Radio Rentals 6½pcLn 1979-84 3¼pc
Reed Publishing 8pcDb 1992-96 4pc
Do. 4½pcLn 2004-09 2¼pc
Do. 7⅝pcLn 1987-92 3[illegible]pc
Do. 9pcLn 1999-2004 4½pc
Scott Robertson 7½pcLn 1985-90 3¾pc
Shaw Carpets 5.6pcPf 2.8p
TR Australia Inv Tst. 7pcDb 1997-2002 3½pc
Tilling (Thomas) 8pcDb 1985-90 4pc
Travis Arnold 8pcLn 1987-93 4pc
Triplevest 7¾pcDb 1987-91 3[illegible]pc
Tunstall Telecom 0.28p
Wormalds Walker Atkinson 9pcLn 1986-91 4½pc

WEDNESDAY FEBRUARY 29

COMPANY MEETINGS—
M & G Dual Trust, Three Quays, Tower Hill, EC, 2.40
Manchester Ship Canal, Lesser Free Trade Hall, Peter Street, Manchester, 12.00
Prestige Grp, Prestige House, 14-18 Holborn, EC, 12.00
Robert Kitchen Taylor, Connaught Rooms, Gt Queen St, WC, 10.00

BOARD METINGS—
Finals:
Edmond
Gen Accident Ass
Marley
Olives Paper Mill
SKF
Interims:
Berisfords
Cape Allman Intnl
Jackson (William)
Unigroup
V. W. Thermax

DIVIDEND & INTEREST PAYMENTS—
Bank of Ireland Fltg Rate Nts 1989 $25.91
Bergen Bank Fltg Rate Cap Nts 1989 $25.75
Brascan A 40 cts
Carter Hawley Hale Stores 30½ cts
Central London (New) Gtd Asstd 2pc
Citicorp O'seas Fin Gtd Fltg Rate Nts May 1984 $251.86
Comb English Stores 9½pcLn 1986-91 4¾pc
Evode 8pcLn 2003-08 4.197p
GTE Fin Fltg Rate Nts 1987 $278.06
Gresham House 1.4p
Helene of London 0.37p
Kakuzi 50 cts
Kayser Bondor 6½pcDb 1982-87 3¼pc
Kirsh Trading 5pcPf 5 cts
Do. 2nd 5pcPf 5 cts
Do. 3rd 5pcPf 5 cts
Do. 6pcPf 6 cts
Kleinwort Benson Gilt Pf 29.8p
Kynoch 6½pcPf 2.275p
Leda Inv Tst 3.01p
Lyle Shipping 6¾pcPf 2.3625p
MBI Intnl Gtd Fltg Rate Nts 1986 $546.46
Nationwide Bldg Soc 11pcBds 3/9/84 5.5pc
Pillsbury 35 cs
Port of Tyne Authority Bds Reg 1983-88 5.5pc
Royal Worcester 12p
Security Servs 4½pcPf 1.575p

DIVIDEND & INTEREST PAYMENTS—
Spain Fltg Rate Nts 1993 $54.98
Standard Secs 2.2p
Sweden Fltg Rate Nts 1989 $543.28
TR City of London Tst Dfd 0.675p
Do. 6pc1stPf 2.1p
Do. 6pc2ndPf 2.1p
Do. Pf. 7pc
UBM Grp 5pcDb 1980-85 2½pc
Do. 7pcDb 1980-85 3½pc
Do. 7¼pcDb 1986-91 3⅝pc
Do. 10pcLn 1992-97 5pc

THURSDAY MARCH 1

COMPANY MEETINGS—
Tate Lyle, London Marriot Hotel, Duke Street, Grosvenor Sq, W, 11.30

BOARD MEETINGS—
Finals:
Consultants (Computer and Fin)
DJ Security Alarms
GRA
Kennedy Brookes
Law Deb
Royal Insurance
Tavener Rutledge
Interims:
Bracken Mines
Consd Plantations
Kinross Mines
Leslie Gold Mines
Mitchell Cotts
Unisel Gold Mines
Winkelhaak Mines

DIVIDEND & INTEREST PAYMENTS—
Amax 5 cts
Abaco Invs 6¾pcDb 3.299 cts
Acrow 7½pc A Db 1986-91 3¾pc
American Brands 90 cts
American Gen Corp 22.5 cts
Asarco 10 cts
Ashdown Inv Tst 5pcDb 2½pc
Blue Circle 6pcDb 1988-93 3pc
Do. 7pcDb 1988-93 3½pc
Bowater 3¼pc1stDb 1997 1⅝pc
British Rayophane 5.25pcPf 2.625p
Bruntcliffe Inv 7pcPf 2.45p
Buffalo Lake Huron Rlwy 5½pc1stBds 2¾pc
Do. 5½pc2ndBds 2¾pc
City Site Ests 0.29p
Clarke, Nickolls Coombs 8½pcLn 1987-92 4¼pc
Continental Industrial Tst 5pcDb 1980-85 2½pc
Conversion 15pc 1988 7½pc
Corp of London 3½pcDb 1983-93 1¾pc
Daniell Sons Breweries 4pc C Db 2pc
Dead Sea Works 20pc
Do. Ord Shs 17pc
East Surrey Water 2.8pcPf 1.4p
Do. 4pcDb 2pc
Do. 7pcDb 1989-91 3½pc
Do. 7pcDb 1990-92 3½pc
Do. 7¼pcDb 1991-93 3⅝pc
Do. 10pcDb 1997-99 5pc
Electric Gen Inv 9pcDb 4½pc
Electricity Supply Board 9pc 1992-95 4½pc
Exchequer 11pc 1987 5.67pc
Fisher (Albert) 7pcPf 1.9178p
Fleming Mercantile Inv Tst 3½pcDb 1960-95 1¾pc
Ford Motor 30 cts
Do. Bdr 1.5 cts
Foster Bros Clothing 5½pcPf 1.925p
Funding 12¾pc 1987 6.375pc
Greece (Kingdom) 5pcLn 1914 2½pc
Do. 5pc 1914 Bds 1965 2½pc
IU Intnl 28¾ cts
Ingersoll 65 cts
Kleinwort Benson Inv Tst 4pcDb 1979-84 2pc
Do. 5pcDb 1979-84 2½pc
Do. 5½pcDb 1981-86 2¾pc
London County 2½pc 1920 1¼pc
Do. 3pc 1920 1½pc
London Prudential Tst 3pcDb 1½pc
Low Bonar 5½pc3rdPf 1.925p
Do. 6pc1stPf 2.1p
Do. 6pc2ndPf 2.1p
M & G Gen Tst 6.986p
Metropolitan Water 3pc 1934-2003 1½pc
Minas Geraes Brazil 6½pcLn 3¼pc
Oldham Metropolitan Borough 11.25pc 2010 5⅝pc
Peninsular Oriental 3½pcDb 1¾pc
Do. 3½pc2ndDb 1¾pc
Port of London Authy 6½pc 1987-90 3¼pc
Raybeck 10¼pcPf 5.125p
Redland 5pcPf 2.5p
Reed Decorative Prods 4½c1stDb 2pc
River Plate Gen Inv Tst 5pcPfd 1.75p
Rochdale Met Borough 11.10pc 2006 5.55pc
Sainsbury (J.) 8pcLn 4pc
Salford 5½pc 1986-88 2¾pc
Schneiders (S.) 6pcPf 2.1p
Schroders 6½pcLn 1980-85 3¼pc
Scottish Agric Sec 3¼pcDb 1979-84 1⅝pc
Do. 5½pcDb 1986-88 2¾pc
Scottish Mortgage Tst 5pcPf 1.75p
Singlo 0.8p
Smurfit (Jefferson) 1.406p
Societe Generale Fltg Rate Nts 1990-95 $5,529.51
Solliers 7¼pcDb 1984-89 3⅝pc
Stonehill Hldgs 10½pcPf 5.25p
Tarmac 6¼pcDb 1988-94 3⅛pc 1989-94 3⅛pc
Do. 6¾pcDb 1986-91 3⅜pc
Do. 6¾pcDb 1989-94 3⅜pc
Do. 7½pcDb 1992-97 3¾pc
Tendring Hundred W'works 2.8pcPf 14p
Do. 4.2pcPf 21p
Texas Eastern 102½ cts
Transcanada Pipelines 16½pc1stBds 2007 8¼pc
Treasury 14½pcLn 1994 7¼pc
Do. 8¾pcLn 1997 4⅜pc
UBM Grp 7½pcPf 2.625p
Union Carbide 85 cts
United Mexican States 16½pcLn 2008 8¼pc
Whitbread 5½pcDb 1981-86 2¾pc
Do. 6¾pcDb 1984-87 3⅜pc
Witan Invs 8pcDb 4pc

FRIDAY MARCH 2

COMPANY MEETINGS—
Oakwood Grp, Clough Smith House, Stephenson Way, Crawley, W Sussex, 12.00
Richards, Bradford Works, Marberly, Aberdeen, 12.00

BOARD MEETINGS—
Finals:
Algemene Bk Nederland
BSR Intnl
Crouch (Derek)
New Darien Oil Tst
Interims:
Borodene Invs
Telefusion

DIVIDEND & INTEREST PAYMENTS—
Allied-Lyons 2.42p
Amdahl Corp 5 cts
Assoc Dairies 1.25p
Citicorp O'seas Fin Gtd Fltg Rate Nts June 1984 $246.46
Dom Hldgs 1.725p
Elsburg Gold Mng 26 cts
Holt Lloyd Intnl 1.5p
M & G Dual Tst 13.25p
Oakwood Grp 4.5p
RFD Grp 0.924p
Randfontein Ests Gld Mng 800 cts
Thorn EMI 5p
Western Areas Gld Mng 40 cts

SATURDAY MARCH 3

BOARD MEETING—
Interim:
Sime Darby

DIVIDEND & INTEREST PAYMENTS—
Conversion 9pc 2000 4.5pc
Treasury 8¾pc 1985 4⅜pc

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices February 24

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19¾	9⅜	AAR	.44	2.3	23	136	19½	18¾	19⅛	+ ⅛
52⅝	30½	ACF	1.40	3	2565	206	44½	44⅛	44⅝	+ ¼
16⅞	14¼	AMF	.50	3.5		351	14¼	14⅛	14⅜	+ ⅛
41¼	21	AMR Cp			6	9165	31	29⅝	30¾	+ 1½
20¼	16⅜	AMR	pf2.18	11.		9	19⅜	19	19⅜	
41½	25⅜	AMR	pf2.13	6.4		360	33⅜	31¼	33⅜	+2¼
28¾	23⅝	ANR	pf2.67	11.		162	25	24⅝	25	+ ⅛
22⅞	20	ANR	pf2.12	11		1058	19½	d19½	19½	−1¼
16¾	5⅛	APL			3	13	11⅛	11	11	
55¼	36⅜	ARA	2.05	4.5	10	229	45½	43⅝	45½	+2
77¼	60¼	ASA	3a	4.6		1037	67⅛	65¼	66	−2
33¼	14⅜	AVX	s .32	1.4	24	133	23¼	22⅝	23⅛	+ ⅛
52⅞	38⅜	AbtLab	1	2.4	15	1743	42⅞	41⅝	42½	+ 1
30¾	23¼	AccoW	n .60	2.4	17	61	25½	25	25½	+ ¼
27½	17⅛	AcmeC	.40	1.8		281	22¼	21¾	22¼	+ ¾
13	8⅝	AcmeE	.32b	3.5	58	33	9⅝	9	9¼	
24⅞	9¼	AdmDg	.04	.3	10	23	13	13	13	+ ¼
18⅝	15⅜	AdaEx	2.11e	13		124	16	15⅝	15¾	− ⅛
19¾	7¾	AdmMl	.28	1.6	9	77	18	17¾	17⅞	+ ⅜
18⅝	8⅞	Advest	.12	1.2	9	v113	10	9½	10	+ ½
37½	15½	AMD	s		36	3815	29⅞	27¼	29¾	+2¼
24⅝	12½	Aerflx	s		13	89	13½	13¼	13½	+ ¼
43½	33¾	AetnLf	2.64	7.6	10	2882	34⅝	33⅝	34⅝	+1
63	55¼	AetL	pf5.09e	9.0		672	57¼	56¾	56¾	
40½	20¼	Ahmns	1.20	5.3	6	1714	22⅝	21¾	22½	+ 1⅛
7⅞	3	Aileen				123	4⅛	4	4⅛	+ ⅛
51	36½	AirPrd	1	2.6	10	1574	38⅝	37¼	38⅛	+1⅞
30⅝	18	AirbFrt	.60	2.6	14	92	23	22⅝	23	+1
3⅝	1⅛	AlMoa	s		27	157	3⅛	3	3	
33½	29⅜	AlaP	pfA3.92	13		1	30¼	30¼	30¼	+ ¼
7⅞	6½	AlaP	dpf.87	12.		6	7⅛	7	7	
99	91	AlaP	pf 11	11.		z180	96½	95	96½	

Continued on Page 22

Closing prices February 24

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 23

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 21

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
43½	35¼	WhrlC	pfC3	7.7		2	39¼	39¼	39½	-¼
65⅛	25½	Whrlpl			10	108	29⅛	27⅞	28⅝	+½
34⅛	17¼	Whittak	1.60	8.1	8	385	19⅞	19⅜	19⅝	+⅜
11¼	6¼	Wiebldt		5.7		31	8	7⅞	7⅞	-⅛
30⅛	19⅞	Willern	1.20	4.4	15	331	27	26¼	27	+1
17	6⅝	WilmEl			4	113	8	6¼	6⅞	+⅛
10⅞	6	WilshrO	.04e	.4		86	9⅞	9½	9⅝	+⅛
37⅞	25	WinDx	s1.36	5.8	10	215	28	28⅛	28	+1

Continued on Page 23

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

هكذا من الأصل

WORLD STOCK MARKETS

OVER-THE-COUNTER Nasdaq National Market closing prices

Closing prices February 24

CANADA

1983-84 High	Low	Stock	Feb. 24
5.5	1.4	Copper Lake	3 05
5.00	2.96	Coseka Res.	3.85
10¼	6½	Costain	9¾
50⅞	27⅝	Denison Mines	40
20⅞	8¾	Dofasco	19
26⅝	13⅞	Dome Mines	18⅞
6⅞	3.25	Dome Petroleum	4.15
22⅝	16	Dominion Strs.	19
34⅞	20	Domtar	31¼
87	47⅝	Falconbridge	62¾
36¾	20¼	Genstar	25½
28¾	18½	Giant Y'knife	26
3.10	1.85	Gt. West Life	3.10
20¾	13⅛	Gulf Canada	17¼
21	14⅝	Hawker Sid. Can.	17
25⅝	18¼	Hudson's Bay	21½
13¼	8¼	Husky Oil	10
38¼	28¾	Imasco	33½
41¼	27	Imperial Oil A.	36⅝
22⅝	15⅝	Inco	17¾
13¾	7¾	Indal	11⅝
34	21¼	Int. Pipe	29
38	19	LAC Minerals	34⅝
34⅝	24	Macmil. Bloedel.	31⅝
16	8	Marks & Spencer	13⅝
7⅝	3.70	Massey Ferguson	4.35
46¼	26⅛	McIntyre Mines	35⅝
37⅛	13⅝	Mitel Corpn.	14
23⅜	17¼	Molson A	20⅛
63	49	Moore Corp.	49⅞
11¾	6⅛	Nat. Sea Prods A	8
28¾	19½	Noranda Mines	22⅜
20⅜	12	Norcen Energy	16¾
60½	27⅛	Nth. Telecom	44⅝
9¼	6¼	Nova Alberta	6¾
14½	6⅞	Numac Oil	12⅛
12⅞	6½	Oakwood Pet.	8¼
30¼	6¼	Pan Can Pet.	23
20½	9	Patino	10
28½	19⅝	Placer Dev.	21
21¾	12⅝	Power Corp.	18⅞
10¾	5⅞	Quebec Sturgeon	8¾
15¾	7¼	Ranger Oil	10⅞
17	11⅞	Reed Stenhs A	12
20½	12½	Rio Algom	16½
35⅞	26¼	Royal Bank	31¾
30	19	Royal Trust A	26½
7⅝	4.90	Sceptre Res.	5.13
49¼	33⅝	Seagram	43
29¼	20	Shell Canada Oil	25⅝
12	7	Simpson Sears A	8⅝
33⅛	21	Stelco	27⅞
15⅛	9¼	Teck B	10⅛
48½	28	Texaco Canada	38
40½	27⅝	Thomson News A	38½
18	13¼	Toronto Dom Bk.	16¼
24¼	19	Transalta	21¾
16½	12⅜	Trans Can Pipe	16½
29⅛	19¾	Walker Hiram	25⅝
15⅞	13⅜	Westcoast Tran.	14½
69⅛	42¼	Weston (Geo)	65½

FRANCE

1983/84 High	Low	Feb. 24	Price Frs.
2,873	1,838	Emprunt 4½% 1973	1,970
11,005	8,186	Emprunt 7% 1973	9,993
3,625	2,099	CNE 3%	3,380
576	393	Air Liquide	511
859	360	BIC	405
836	620	Bouygues	688

NORWAY

1983/84 High	Low	Feb. 24	Price Kroner
167	101.5	Bergens Bank	156
270	83	Borregaard	270
165	112.5	Christiania Bk.	155
175.5	117	Den Norsk Credit	162.5
160	37.5	Elkem	156
316	105	Norsk Data	270
592	272.5	Norsk Hydro	582.5
212.5	127.5	Storebrand	199

AUSTRALIA

1983/84 High	Low	Feb. 24	Price Aust. $
5.64	3.02	ANZ Group	5.52
1.72	0.75	Acrow Aust	1.50
1.18	0.51	Alliance Oil D.	0.85
2.10	1.25	Ampol Pet	1.67
1.94	1.06	Aust Cons Ind	1.79
3.1	2.00	Aust Guarant.	2.80
2.90	2.07	Aust Nat Inds	2.42
2.50	1.72	Aust Paper	2.16
6.90	2.15	Bell Group	6.20
1.62	0.17	Bond Corp Hldgs	1.52
3.52	2.03	Boral	3.20
3.08	1.92	Bl'ville Copper	2.57
3.35	2.20	Brambles Inds	2.90
3.60	2.20	Bridge Oil	3.25
14.45	6.10	BHP	13.95
6.30	3.49	CRA	5.44
4.42	2.52	CSR	3.72
3.90	1.99	Carlton & Utd.	3.82
5.6	3.85	Castlemaine Tys.	4.20
4.06	2.28	Coles (G.J.)	3.62
3.46	1.60	Comalco "A"	3.05
1.12	0.12	Consolidated Pet	1.12
1.65	0.88	Costain Aust.	1.26
1.75	0.95	Dunlop Aust.	1.45
6.44	4.70	E.Z. Inds.	5.40
4.65	2.60	Elders IXL	4.80
2.0	1.32	Energy Res.	1.56
2.30	1.55	Gen Prop Trust	1.92
4.10	3.00	Hardie (J.)	3.45
3.50	1.36	Hartogen Energy	2.88
3.40	1.97	Herald W'y Times	3.15
2.45	1.48	ICI Aust.	2.05
0.40	0.17	Jimb'lana (50c FP)	0.36
0.29	0.16	Kiaora Gold	0.18
5.95	2.84	Lend Lease	4.65
4.78	3.28	MIM	3.38
3.00	2.30	Mayne Nickless	2.50
2.70	0.84	Meekatharra	0.85
2.23	1.10	Myer Emp.	1.87
3.92	2.32	Nat. Com. Bk.	3.58
13.0	2.05	News	10.60
3.3	1.68	Nicholas Kiwi	3.05
3.76	2.15	North Bkn Hill	2.85
1.82	0.95	Oakbridge	0.95
1.00	0.45	Otter Expl.	0.78
2.30	1.10	Pancont'l	1.22
2.09	1.40	Pioneer Conc	1.62
2.95	0.55	Reckitt & Coln.	2.68
1.95	0.90	Repco	1.22
8.76	4.02	Santos	7.44
4.86	2.85	Smith (H.)	4.05
0.40	0.18	Southland Min'g.	0.31
0.76	0.20	Spargos Expl.	0.44
2.50	1.40	Thos Natwide	2.12
5.1	2.40	Tooth	5.00

HONG KONG

1983/84 High	Low	Feb. 24	Price H.K.$
35.25	15.5	Bank East Asia	28.4
10.9	5.7	Cheung Kong	8.9
17.0	9.9	China Light	12.7
3.30	1.27	Hang Lung Devel.	2.2
64.5	28.9	Hang Seng Bank	43.25
6.65	4.4	HK Electric	6.4
4.70	2.47	HK Kowloon Wh.	4.3
6.00	2.25	HK Land.	3.47
9.0	2.4	HK Shanghai Bk.	8.75
46	26.5	HK Telephone	45.50
18.2	8.00	Hutchison Wpa.	16.5
16.1	7.9	Jardine Math	12.2
3.90	2.00	New World Dev.	3.47
3.0	2.22	Orient O'seas	2.65
5.1	2.5	O'seas Trust Bk.	3.47
7.45	4.05	SHK Props.	6.75
18.8	17.4	Swire Pac A.	17.4
4.10	2.32	Wheel'k Mard A.	3.6
2.40	1.55	Wheel'k Maritime	2.00
2.6	1.55	World Int. Hldgs.	2.3

JAPAN

1983/84 High	Low	Feb. 25	Price Yen
1,170	805	Ajinomoto	994
2,840	1,610	Alps Electric	2,690
1,210	515	Amada	1,190
468	262	Asahi Chem	407
735	510	Asahi Glass	685
683	440	Bridgestone	570
1,770	1,070	Canon	1,480
1,680	987	Casio Comp	1,470
1,600	959	Chugai Pharm	970
688	316	Citizen	642
700	580	Daiei	685
980	702	Dai Nippon Ptg	968
600	432	Daiwa House	506
396	317	Ebara	335
1,680	1,030	Eisai	1,160
11,800	4,400	Fanuc	11,550
793	498	Fuji Bank	765
2,460	1,490	Fuji Film	2,170
1,280	799	Fujisawa	800
1,460	825	Fujitsu	1,360
2,040	1,460	Green Cross	1,580
520	392	Hasegawa	394
693	535	Heiwa Real Est.	622
939	750	Hitachi	848
1,670	1,400	Hitachi Credit	1,500
1,140	785	Honda	1,060
990	791	House Food	798
1,810	757	Hoya	1,810
348	275	Itoh (C)	294
2,190	1,000	Ito-Yokado	1,850
2,270	995	Iwatsu	2,270
379	326	JACCS	365
3,450	2,250	JAL	3,150
873	520	Jusco	840
375	290	Kajima	299
725	625	Kao Soap	700
730	580	Kashiyama	641
230	171	Nihon Cement	215
1,810	1,140	Nippon Denso	1,530
1,560	890	Nippon Elect	1,420
326	147	Nippon Express	283
695	600	Nippon Gakki	640
157	129	Nippon Kokan	138
1,260	850	Nippon Oil	1,000
627	386	Nippon Seiko	570
860	638	Nippon Shimpan	725
186	138	Nippon Steel	163
349	263	Nippon Suisan	312
12,100	4,040	NTV	11,500
288	224	Nippon Yusen	240
835	675	Nissan Motor	705
496	332	Nisshin Flour	450
194	137	Nisshin Steel	179
800	609	Nomura	727
1,300	977	Olympus	1,010
2,130	915	Omron Tateisi	1,950
3,300	1,950	Orient Leasing	3,100
3,850	2,110	Pioneer	3,630
763	590	Renown	690
1,190	639	Ricoh	1,060
805	655	Sankyo	651
699	425	Sanyo Elect.	550
444	236	Sapporo	385
752	550	Sekisui Prefab	554
10,600	4,790	Seven Eleven	7,600
1,470	1,080	Sharp	1,240
578	436	Shimadzu	547
990	705	Shionogi	705
1,180	910	Shiseido	969
4,000	3,050	Sony	3,650
834	425	Stanley	758
928	476	S'tomo Elect.	876
315	211	S'tomo Marine	297
176	144	S'tomo Metal	157
596	440	Taihei Dengyo	520
252	214	Taisei Corp.	215
1,080	605	Taisho Pharm	915
917	697	Takeda	899
7,080	4,100	TDK	6,850
427	226	Teijin	369
946	673	Teikoku Oil	681
588	450	Tokyo Marine	538
788	495	TBS	735
1,390	965	Tokyo Elect. Pwr.	1,290
187	117	Tokyo Gas	170
727	415	Tokyo Sanyo	720
990	790	Tokyo Style	845
349	201	Tokyu Corp	324
725	495	Toppan Print	687
444	339	Toray	390
443	277	Toshiba Elect.	392
595	416	TOTO	565
765	465	Toyo Seikan	703
1,500	952	Toyota Motor	1,350
3,400	1,850	Victor	3,240
764	665	Wacoal	725
661	450	Yamaha	600
1,970	1,130	Yamanouchi	1,280
851	513	Yamazaki	796
376	220	Yasuda Fire	260
515	402	Yokogawa Bdge	480

SOUTH AFRICA

1983/84 High	Low	Feb. 24	Price Rand
3.25	2.35	Abercom	2.8
10.20	7.00	AE & CI	8.05
31	22	Anglo Am. Coal	26.25
30.50	17.5	Anglo Am Corp.	25
157.5	110	Anglo Am. Gold	145
20.5	14.1	Barclays Bank	19.8
14.4	11.1	Barlow Rand	14.15
77.6	45	Buffels	76
3.50	2.25	CNA Gallo	2.8
5.0	3.00	Currie Finance	4.7
11.7	8.40	De Beers	10.3
48.75	31.0	Driefontein	44.25
70	37.25	FS Geduld	52
34.4	20.0	Gold Fields S.A.	30
6.85	4.20	Highveld Steel	5.85
16.75	10.2	Nedbank	15.4
29	18	OK Bazaars	18
3.80	2.4	Protea Hldgs.	3.45
25.5	16.2	Rembrandt	24
16.5	5.85	Rennies	15.5
14.75	7.5	Rust Plat	14.5
7.35	3.75	Sage Hldgs	6.75
8.65	6.60	SA Brews	7.55
25.25	18.2	Smith (C.G.)	23.5
13.0	8.3	Tongaat Huletts.	11.55
6.90	3.95	Unisec	5.15

SPAIN

1983/84 High	Low	Feb. 24	Price P'ta
282	209	Bco Bilbao	280
334	255	Bco Central	329
220	193	Bco Exterior	203
244	200	Bco Hispano	240
289	208	Bco Santander	288
367	208	Bco Vizcaya	359
149	105	Dragados	140
57.7	39	Hidrola	53.5
58	39	Iberduero	56.2
115	59	Petroleos	110.2
93	60.2	Telefonica	79.7

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

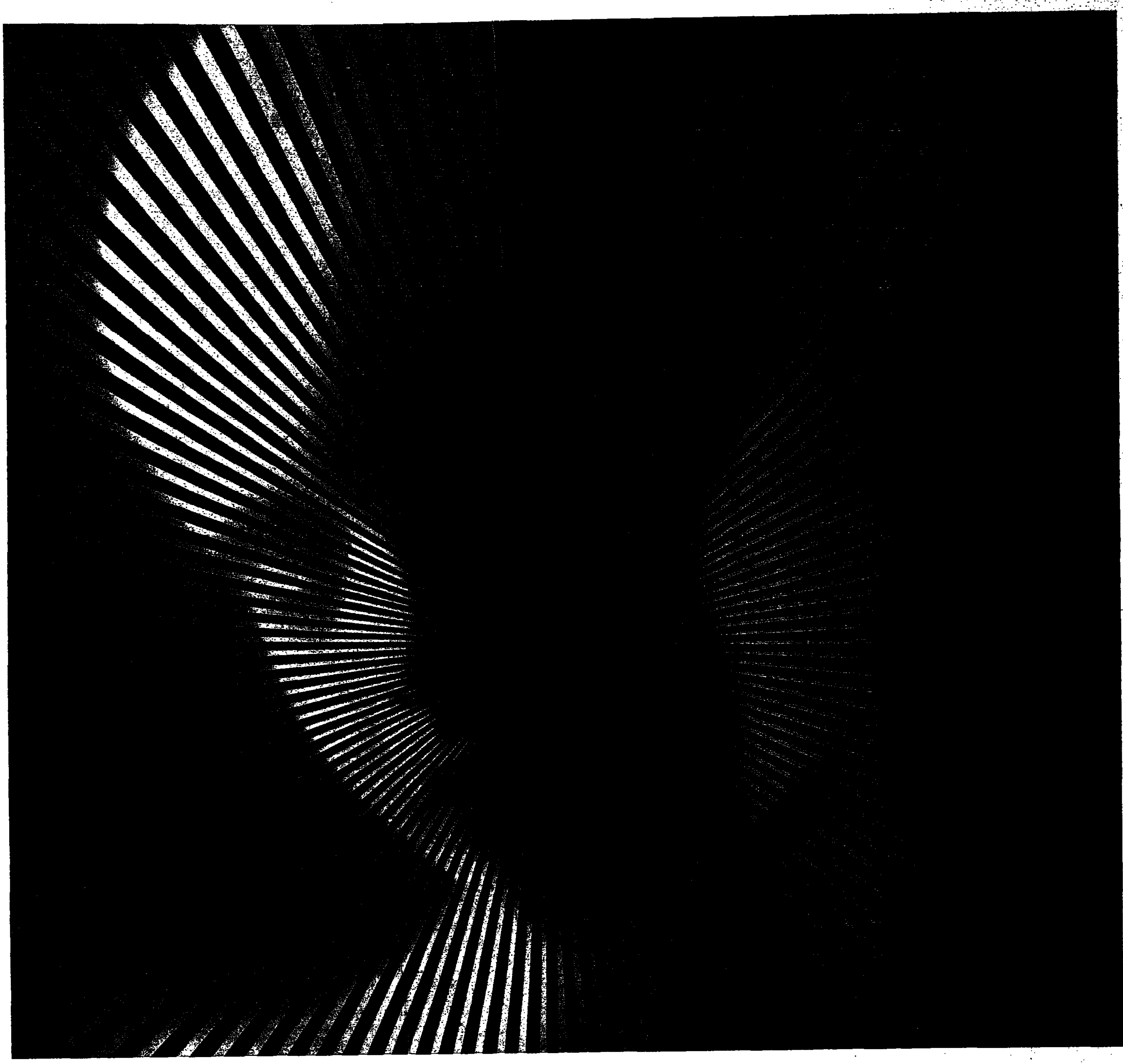
AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 22

NEW YORK CLOSING PRICES

Continued from Page 22

Continued on Page 25



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WORLD STOCK MARKETS

Indices

NEW YORK — DOW JONES

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 17	1983-84 High	1983-84 Low	Since Compil'n High	Since Compil'n Low
♦ Industrials	1165.16	1154.85	1134.21	1139.34	1148.87	1287.20 (29/11)	1027.04 (3/1/83)	1287.20 (29/11/83)	41.22 (2/7/32)
H'me Bnds	70.64	70.62	70.90	71.03	71.05	77.84 (5/5)	69.65 (9/3)	—	—
Transport	510.89	484.82	494.82	496.55	502.31	612.63 (6/1/84)	434.24 (3/1/83)	612.63 (6/1/84)	12.32 (8/7/32)
Utilities	125.06	123.76	124.06	124.61	124.65	140.70 (31/10)	119.51 (3/1/83)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	106,62	100,700	90,080	71,890	77,290	—	—	—	—

♦ Day's high 1167.09 (1142.38) low 1137.04 (1114.95)

	Feb. 17	Feb. 10	Feb. 3	Year ago (approx)
Industrial div. yield %	4.76	4.71	4.56	4.93

STANDARD AND POORS

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 17	1983-84 High	1983-84 Low	Since Compil'n High	Since Compil'n Low
Industrials	178.25	174.59	174.10	174.53	175.56	194.84 (10/10)	154.95 (3/1/83)	194.84 (10/10/83)	3.62 (30/6/32)
Compos'te	157.51	154.29	154.52	154.64	155.74	172.65 (10/10)	138.34 (3/1/83)	172.65 (10/10/83)	4.40 (1/6/32)

	Feb. 22	Feb. 15	Feb. 8	Year ago (approx)
Industrial div. yield %	4.08	4.03	4.03	4.32
Industrial P/E ratio	12.59	12.72	12.64	11.53
Long Gov. Bond yield	11.89	11.73	11.68	10.92

N.Y.S.E. ALL COMMON

Feb. 24	Feb. 23	Feb. 22	Feb. 21	1983-84 High	1983-84 Low
90.49	88.88	88.77	88.97	99.63 (10/10)	80.93 (24/1/83)

Rises and Falls	Feb. 24	Feb. 23	Feb. 22
Issues Traded	1,953	1,963	1,976
Rises	1,321	662	651
Falls	305	1,081	917
Unchanged	327	420	428
New Highs	—	7	3
New Lows	—	139	112

MONTREAL

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	1983-84 High	1983-84 Low
Industrial	422.48	414.16	414.14	412.97	488.98 (29/6)	381.18 (4/1/83)
Combined	406.78	397.87	398.43	397.88	441.29 (29/6)	332.12 (4/1/83)
TORONTO Composite	2402.8	2366.8	2366.2	2362.4	2598.3 (29/6)	1949.6 (4/1/83)

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	1983/4 High	1983/4 Low
AUSTRALIA All Ord. (1/1/80)	743.8	745.5	743.8	744.5	787.9 (9/1/84)	487.5 (4/1/83)
Metals & Minls. (1/1/80)	518.3	518.7	515.1	512.2	614.2 (6/9)	411.5 (4/1/83)
AUSTRIA Credit Aktien (2/1/62)	56.53	54.51	55.41	56.45	58.9 (6/6)	45.45 (13/2/83)
BELGIUM Belgian SE (31/12/63)	140.86	141.14	141.18	141.05	148.25 (1/2/84)	100.50 (4/1/83)
DENMARK Copenhagen SE (3/1/83)	197.48	204.61	206.00	205.00	225.21 (20/1/84)	100.00 (3/1/83)
FRANCE CAC General (31/12/82)	162.7	160.4	161.1	161.7	175.1 (23/1/84)	96.1 (3/1/83)
Ind Tendance (30/12/83)	104.7	103.2	103.6	104.3	114.7 (23/1/84)	98.4 (3/1/84)
GERMANY FAZ-Aktien (31/12/58)	332.48	348.53	348.08	352.41	370.64 (2/2/84)	241.89 (25/1/83)
Commerzbank (1/12/53)	1024.5	1027.9	1024.9	1056.5	1086.5 (2/2/84)	727.3 (25/1/83)
HONG KONG Hang Seng Bank (31/7/64)	1048.75	1057.28	1047.22	1065.51	1154.12 (2/2/84)	690.08 (4/10)
ITALY Banca Comm Ital. (1972)	216.8	220.16	218.58	218.88	229.57 (1/2/84)	169.43 (10/1/83)
JAPAN** Nikkei-Dow (16/5/49)	9902.87	9858.5	9947.71	9979.54	10225.7 (30/1/84)	7803.18 (25/1/83)
Tokyo SE New (4/1/68)	771.79	768.5	766.88	776.78	779.31 (9/2/84)	574.51 (25/1/83)
NETHERLANDS ANP-CBS General (1970)	158.4	156.4	156.8	161.2	178.3 (1/2/84)	108.1 (4/1/83)
ANP-CBS Indust (1970)	129.5	127.8	130.2	132.8	147.2 (1/2/84)	88.5 (4/1/83)
NORWAY Oslo SE (4/1/83)	243.64	242.93	240.35	258.53	247.85 (1/2/84)	99.81 (4/1/83)
SINGAPORE Straits Times (1966)	1022.76	1015.72	1018.45	1028.76	1071.81 (8/2/84)	712.29 (6/1/83)
SOUTH AFRICA Gold (1958)	982.7	1008.3	994.9	994.5	1038.8 (1/2/83)	651.4 (1/11)
Industrial (1958)	984.7	978.8	973.8	972.4	1088.4 (9/1/84)	704.8 (3/1/83)
SPAIN Madrid SE (30/12/83)	117.4	117.87	118.15	118.18	119.19 (21/2/84)	100.00 (30/12/83)
SWEDEN Jacobson & P. (1/1/58)	1561.79	1548.7	1545.41	1564.42	1684.8 (3/2/84)	836.18 (5/1/83)
SWITZERLAND SwissBankCpn (31/12/58)	370.5	370.4	370.2	373.2	386.7 (5/1/84)	284.4 (4/1/83)
WORLD Capital Intl. (1/1/70)	178.8	—	178.8	178.9	187.2 (20/1/84)	154.3 (5/1/83)

** Saturday February 18: Japan Nikkei-Dow 9,921.81. TSE 768.38.
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Gulf	3,287,800	62⅝	−1⅜	Dominion R	1,180,200	20⅞xd	−1
Mesa Petrol	3,067,500	17⅝	+⅜	IBM	1,017,300	111⅛	+2
ATT	1,548,400	17¼	+⅛	General Elec.	966,100	53⅜	+1¾
Ford Motor	1,255,600	37⅞	+1⅝	Exxon	931,000	38⅛	—
Grolier	1,188,000	4⅞	+⅜	Texaco	930,600	42	+2½

OVER-THE-COUNTER Nasdaq National Market closing prices

Continued from Page 23

Stock	Div.	Sales (Hnds)	High	Low	Last	Chng
Sysamt s	.01e	71	17	16¾	17	+¼
SCT Cp		378	21⅜	19½	21¼	+1¼
T—T						
TecVw s		1	7⅛	7⅛	7⅛	−⅛
Tmpx	3	z415	51	50⅜	50⅞	+⅜
Tandem		1579	33⅞	31⅝	33⅞	+2
Tandn s		3344	17½	16⅝	17	+⅛
TcCom		24	12	11⅛	11⅛	
TlcmA s	t	226	18	17⅛	17⅛	
TelPlu s		1381	7⅞	7¼	7⅞	+½
Telecrd	.28	59	17½	16¼	17½	+1
Telepict		199	12⅛	12	12⅛	+¼
Telvid		890	11½	10⅞	11	−⅛
Telabs s		301	19½	19	19½	+½
Telxon	.01e	365	9¼	8⅝	9¼	+1¼
TermD s		46	12⅛	11⅛	12⅛	+½
Texdata		23	5⅛	5½	5⅛	
TexFdl	t	272	27½	27	27¼	+1
Texon		27	5½	5⅛	5⅛	
Textno	.25e	13	16¼	16	16	−¼
Thetfd		110	12⅛	11⅛	12⅛	+½
ThdNat	1.62	14	37½	37¼	37½	+¼
Thortec		90	3⅛	3⅛	3⅛	+⅛
ThouTr		389	22⅞	21⅞	22½	+⅝
TmeFib		197	9⅛	8⅛	9⅛	+⅛
Tiprary	t	56	6⅜	6	6¼	+⅛
Tocom		1272	2⅛	1⅞	2⅛	+½
TrakAu		384	13⅛	12⅞	13⅛	+1
TWasEx		30	1⅝	1⅝	1⅝	
TrndSy		545	10½	9½	10¼	+¼
TrusJo	.35	28	29½	29	29½	+½
TBkGa s		107	26½	26⅛	26	−⅛
TuckDr		105	8⅝	8½	8⅝	+⅛
TwnCty		230	4½	4	4	
U—U						
UTL s		655	15⅛	14⅞	15⅛	+⅛
Ubrsy s	.09e	80	15	14½	14⅞	−⅛
Ungmn		415	12⅛	12	12⅞	
Unifi		17	15	14⅛	14½	
UnPlntrs	.60	12	21	21	21	+⅛
UACm s	.10	130	20	19½	20	
UBCol	1	51	17⅜	16⅞	17⅜	+⅛
UnEdS		6	8	8	8	−⅛
UFnGrp		52	7⅛	7	7⅛	
UGrdn	.04e	5	7¼	7	7¼	
UPres s		34	13⅛	13	13⅛	+⅛
UnSvcL	1	113	25¼	25	25⅛	+⅛
US Ant		197	5⅛	5⅛	5⅛	
US Bcp	1	191	23⅞	23	23¼	+⅛
US Hl s		278	18⅝	18⅛	18⅝	+⅛
US Sh n	.05e	441	5⅜	5⅛	5⅜	+⅛
US Sur		780	11⅝	11½	11½	−⅛
US Tr s	1.60	94	38¼	37⅞	38¼	+⅛
UnTelev		143	13⅛	12⅞	13⅛	+⅛
UVaBs s	1.28	23	28½	28⅛	28¼	
UnvHlt s		1598	10⅝	10	10½	+¼
UnvPat	t	27	12⅞	12⅛	12⅞	
UrgeC s		253	5⅛	5	5⅛	+⅛
V—V						
VLI		647	17½	16⅞	17	+¼
VLSI		283	13⅛	11⅞	13	+1½
ValFSL		388	15⅛	14½	14⅞	
ValNtl	1.16	840	23⅞	22⅞	23⅝	+1⅛
ValLne	.30e	57	33	31⅞	33	+1
VanDus	.40	5	13⅛	13⅛	13⅛	+⅛
VectorG		346	1⅞	1½	1⅝	−⅛
Ventrex		129	9	8	9	+⅛
Vets		1098	2⅞	2⅛	2⅞	
Vicorp s	.03i	92	15⅞	15½	15⅞	+⅛
vjVicTc		522	1	⅞	1	+⅛
VictraS		79	6⅛	6⅞	6⅛	+⅛
VideoCp		4	11⅞	11⅞	11⅞	
Viking s		87	12	11½	11½	+½
VisTech		110	13⅛	13⅛	13⅛	+¼
Voltin s		352	18½	18	18½	+⅛
W—W						
WD40 s	.80	9	20⅞	20	20⅞	
WlkrTel		35	7⅛	7⅞	7¼	+⅛
WshE	1.60	74	15½	15⅛	15½	
WFSL s		250	18½	17⅞	18¼	+¼
WMSB		43	11⅛	11	11⅛	+⅛
Wavtk s	.44	371	10⅛	9⅞	10⅛	+⅛
Webb s	.48	23	14½	14	14½	+½
WnCasS	2.84	13	43⅞	43⅛	43⅞	
WnDigtl		681	9⅝	8½	9⅝	+⅜
Weltra	.80	249	18⅛	18⅝	18⅞	
Wicat		472	3⅛	3	3⅛	+⅛
Widcom		289	10⅛	10⅛	10⅛	+⅛
Wilmt	1.50	55	30	29½	30	
WilAL s		401	12	10⅞	11⅞	+⅛
WmsSn		7	11⅛	11⅛	11⅛	
vjWlsF		128	8½	8⅞	8⅞	
WilsnH	.20	17	12⅞	12⅛	12⅞	
Wndmr s	.07	703	7½	7⅛	7⅞	
WinnEn		202	6⅛	5⅞	5⅞	−⅛
Winner s		64	11	10⅛	11	+⅛
Wornel		50	27⅛	27⅛	27⅛	
WoodD	.60	36	13⅛	12⅞	13⅛	+½
WoodL s	1.20	207	46⅛	45⅛	45½	+½
Wrtng s	.56	1415	22⅛	21½	21⅞	+⅛
Writer		865	10⅛	9½	10⅛	+½
Wyman	.80	z125	29⅞	29¼	29⅞	+½
X—Y—Z						
Xebec s		577	14½	13⅞	14½	+⅛
Xicor		238	14½	13⅞	14½	+⅛
Xidex s		3324	14½	14	14½	+⅛
YlowFt	.92	2168	29⅞	28⅞	29⅞	+⅝
ZenLbB		7	14	13½	14	
Zentec		29	6⅛	5⅛	6	+½
Zondv s	.30	96	15½	15⅛	15½	+⅛

COMPANY NOTICES

BRAZILIAN EQUITY HOLDINGS S.A.

NOTICE OF EXTRAORDINARY GENERAL MEETING

At the Extraordinary General Meeting of the Company held on Monday, 6th February, 1984, the resolutions proposed were duly passed. [illegible]

BY ORDER OF THE BOARD

Q.P. CORPORATION

NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS [illegible]

KLEINWORT, BENSON LIMITED Depositary

London 22nd February 1984

REPUBLIC OF COSTA RICA LOAN

FLOATING RATE BONDS APRIL 1978-1985 OF USD 1,000 EACH

NUMERICAL LIST [illegible]

USD 4,460,000

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Securities Office, Bank of England, [illegible]

M. F. STONEFROST, Comptroller of Finance.

The County Hall, London SE1 7PB. 27th February, 1984.

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)

[illegible]

February 27, 1984.

CONTRACTS & TENDERS

ETHIOPIAN TRANSPORT CONSTRUCTION AUTHORITY

INVITATION No. T-05/76

The Provisional Military Government of Socialist Ethiopia, Ethiopian Transport Construction Authority *announces the release of an international tender for* the purchase of Road Construction and Maintenance Equipment.

A loan is available from the African Development Fund (A.D.F.) and interested bidders from member countries and participating states of the A.D.F. are requested to collect bid documents and specifications during office hours from the Procurement Office, Room 106, of Ethiopian Transport Construction Authority against payment of Birr 20.00 for each set of documents.

Bids will be opened in public in the Conference Room, 4th Floor, of the Ethiopian Transport Construction *Authority headquarters building on* March 27, 1984 at 10.00 hours Addis Ababa time.

The Authority reserves the right to reject any or all bids that are not in conformity with all conditions and specifications mentioned in the tender.

WANDSWORTH BOROUGH COUNCIL

Installation of central heating and hot water systems at North Battersea

Contractors wishing to be considered for selection to tender for the installation of individual gas-fired boilers serving radiators and domestic hot water to approximately 108 occupied dwellings at Savona and Tidbury Houses, Savona Estate, London, SW8, should submit names to the Director of Administration, Room 111, The Town Hall, Wandsworth High Street, London SW18 2PU by 8th March 1984.

Applicants must submit details of labour, technical and supervisory staff available, together with the names and addresses of two technical and two financial referees, unless this information has already been provided for a similar contract within the last twelve months.

It is anticipated that specifications and drawings will be issued in March 1984, and that the contract will commence in June 1984.

The engineering design services for this scheme will be provided by R. Child, R.I.B.A., Borough Architect, The Town Hall, Wandsworth High Street, London SW18 2PU.

COMPANY NOTICES

BRITANNIA GROUP OF UNIT TRUSTS LIMITED
BRITANNIA ASSETS TRUST
BRITANNIA RECOVERY TRUST

MEETINGS OF UNITHOLDERS HELD ON 8TH FEBRUARY, 1984

At the above meetings of Unitholders held to consider a *Scheme of Amalgamation* of the Unit Trusts the voting was as follows:

BRITANNIA ASSETS TRUST

Resolution No. 1	FOR	95.4%
	AGAINST	4.6%
Resolution No. 2	FOR	92.0%
	AGAINST	8.0%

BRITANNIA RECOVERY TRUST

Resolution No. 1	FOR	83.5%
	AGAINST	16.5%
Resolution No. 2	FOR	83.5%
	AGAINST	16.5%

All resolutions were passed by the required majorities of 75% of the votes cast. The Scheme of Amalgamation will therefore become effective on 28th February, 1984.

ART GALLERIES

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. ROBERT ORGAN. Recent Paintings.

MALL GALLERIES, The Mall, SW1. THE NATIONAL SOCIETY. 23-Feb.-4 March, Mon.-Sun. 10-5. Adm. £1.

PUBLIC NOTICES

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Society will be held in the SOCIETY'S HEAD OFFICE, No. 31 ST. ANDREW SQUARE, EDINBURGH, on Thursday, 15th March 1984 at 2.30 p.m. to consider the Accounts and Balance Sheet and the Reports of the Directors and the Auditor, to elect Directors, to determine the remuneration to be paid to the Directors and to reappoint the Auditor.

A Member of the Society entitled to attend and vote at any General Meeting is entitled to appoint another person to attend and vote instead of him. Proxies must be lodged at the Society's Head Office not less than forty-eight hours before the time for holding the Meeting.

By Order of the Board,
D. A. BERRIDGE
General Manager

31 St. Andrew Square,
EDINBURGH

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

$10\frac{1}{4}$% Debenture Stock, 1989-91

Notice is hereby given that the REGISTERS of the CORPORATION'S above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from the 16th to 29th March, 1984, both days inclusive.

By Order of the Board
H. J. McTurk, Secretary

48 Palmerston Place
Edinburgh EH12 5BR
27th February 1984

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

RAMON'S NIGHTCLUB RESTAURANT, 42, Dean Street, W1. Where today's businessman can relax and enjoy an exciting evening. Various cabaret acts throughout. Charming and discreet dancing partners available. Open nightly 9 pm to 3 am. 01-437 9455.

UK NEWS

THE WEEK IN THE COURTS

Fear that lies behind a policy decision

ONE of the unattractive aspects of English law is that it exhibits a good deal less sensitivity towards protecting the body of a person than towards his property. The latest example of this came in the Court of *Appeal's decision in Sidaway v The Board of Governors of the Bethlem Royal Hospital and the Maudsley Hospital and others,* where it was held that a patient who agrees to undergo an operation is giving his consent even though he was given insufficient information about the risks attendant on the operation.

Mrs Sidaway, after years of intermittent pain in her back and shoulder, underwent an operation which carried a small risk of spinal injury. She ended up severely disabled. The main issue before the courts was not whether anything could have been done to avoid so serious a consequence, but whether she should have been more fully informed about the risks before deciding to give her consent.

The trial judge had found that had she been better informed she would not have agreed to undergo the operation. But he held, and the Appeal Court agreed, that Mrs Sidaway had been told as much as any patient would have been told by the majority of responsible, skilled and experienced neurosurgeons.

One argument advanced on behalf of Mrs Sidaway was that a doctor stands in a position of trust towards his patients *and* is thus under a duty to disclose all material facts, which means telling him the nature of the proposed operation, its purpose and the effects together with the potential risks and side-effects. The concept of trust—what lawyers call a fiduciary relationship — is *well-established in areas of the* law dealing with disposition of property from one person to or for the benefit of another. There is in effect a special relationship of confidentiality towards the person making the disposition.

In a 19th century case the court set aside a doctor's bill because it was held that the doctor was entitled to no more than reasonable remuneration for his professional services. The reason the court intervened on behalf of the patient was that it regarded the confidential relationship as being so important that the excess medical account had been an abuse of that relationship.

It is incontrovertible that a doctor owes his patient a general duty of care and that duty extends to adopting standards of care of the ordinary doctor exercising a special skill upon which the patient relies. Why the different approach, according to whether the issue is a property right or protecting the individual against injury?

The doctrine of informed consent as it is called has been developed in a series of decisions in the courts of the U.S. and Canada. Why not in England?

Lord Justice Browne-Wilkinson stated the judges' reason for not following the transatlantic example. "There is no ground for extending this limited doctrine of informed consent outside the field of property rights in which it is established. The doctrine is in each case based *on the principle that the person* said to be in a fiduciary position may have abused his position of trust to make a personal profit for himself. That principle has no application to the present type of cases where there is no suggestion that the doctor *is* abusing his position for the purpose of making a personal profit."

Behind the English courts' *unwillingness to follow the* Americans and the Canadians is a clear policy decision. It is the fear, possibly justified, that were the medical profession exposed to legal liability for failing to disclose some material fact about the risks of an operation all innovative medical practice would be stifled by the caution induced by the prospect of litigation. It is true that medical negligence actions have mushroomed in the U.S.; the desire is to avoid the unforunate consequences in this country.

The interesting aspect of all this is that parliament only recently extended the doctrine of informed consent to mental health. Under the Mental Health Act 1959 the legal position of the detained patient who might wish to refuse psychiatric treatment was unclear.

It was assumed that if a person was admitted compulsorily to a mental hospital for treatment he was incompetent to decide whether he should undergo that treatment. That assumption is no longer valid as a result of the Mental Health Act 1983.

Consent may be given expressly *or impliedly* by conduct. Express consent may be given in written form, but a signed consent form does not constitute consent, it is merely evidence of consent. A patient's consent can be inferred from his behaviour. If a patient puts out his arm for an injection the law presumes he is consenting to be injected.

What the Act does is to require that in a whole range of treatments consent must be given or given at least where there has been no second medical opinion. For consent to be real the patient must be told about the nature and purpose of the treatment and about any serious side-effects, although he need not be informed of every minor risk or possible adverse effect. If the patient wants more information than told to him unsolicited *he is entitled to ask* for it and the doctor must answer truthfully.

These provisions for safeguarding the mentally ill against unwanted psychiatric treatment are far in advance of what the courts impose on the non-psychiatric part of the medical profession. It cannot be long before the law is changed to bring the whole of the medical profession into line.

Justinian

INTERNATIONAL APPOINTMENTS

DALLAH GROUP COMPANIES
requires the following staff

POSITION	QUALIFICATIONS & EXPERIENCE	JOB DESCRIPTION
1) BUDGETS SUPERVISOR	B.A. Accounting/Economics with 12 years experience including 5 years in a senior position. OR M.A. Finance Management or equivalent with 7 years experience in a senior position.	– Establishment of necessary procedure for preparation of Balance Sheets for Associate companies and implementation and supervision of same. – Revision and analysis of various budgets of the Companies and preparation of unified budget estimation of the Group and its follow up. – Budgetary control and discovery of deficiency and reason and submission of necessary remedial proposal.
2) INTERNAL AUDITING SUPERVISOR	o Recognized Accounting Diploma or equivalent. o 8 years experience in Audit offices including two years as Supervisor.	– Auditing and development of procedure for the Group Company for internal auditing. – Supervision for the implementation which guarantees an efficient financial transaction, accounting and administration system.
3) CONTRACT & PURCHASING SUPERVISOR	B.A. Accounting/Economics/Business Administration/Law with 12 years experience including 5 years in a senior position OR M.A. Accounting/Financial Law/Business Administration/Economics with not less than 7 years including 3 years at senior level.	– Preparation and development of policy and procedure for the purchase and storage and follow up of contracts adherence. – Planning, guiding and supervising to ensure the availability of the Group's tools and equipment, requirement and device storage system. – Preparation of specifications and completion of contract procedure with the contractors and importers and follow up.
4) SUPPLY SUPERVISOR	B.A. Accounting/Business Administration/Economics with 12 years experience and not less than 5 years experience at a senior level OR B.A. Industrial Engineering with an experience of 7 years including 3 years at senior level.	– Supervision of Group's central stores. – Arrangement and follow up of existing stored materials.
5) CHIEF ACCOUNTANT	B.A. Accounting with an experience not less than 15 years including 7 years at senior level. OR M.A. Accounting or equivalent and not less than 10 years experience including 5 years at senior level. OR Chartered Accountant (C.P.A.) with International recognized diploma and not less than 8 years experience at senior level.	– Preparation of accounting procedure for the Group including financial analysis and accounting system for the Group. – Implementation of accounting system for branches supervision of central accounting of the Group, including registration and accounting statements and budget. – Supervision of planning and its implementation of accounting procedure for the Group expenses. – Implementation of basic accounting system and internal auditing and its supervision.

GENERAL INFORMATION:

1- Priority will be given to Saudi Nationals.
2- Experience with International Companies preferred.
3- Excellent knowledge of Arabic and English languages is a must.
4- Candidates should be dynamic and able to adapt themselves under various circumstances.
5- Salaries & benefits will depend on qualifications and experience and will be fixed after interview.
6- Place of Work: Saudi Arabia.

Applications to be sent to:
PERSONNEL MANAGER
P.O. Box 6854, Jeddah, Saudi Arabia.

BUSINESSMANS DIARY

UK TRADE FAIRS AND EXHIBITIONS

Feb 27-March 2
International Electrotechnical Exhibition—ELECTREX (0483 222888) **NEC, Birmingham**
Feb 29-March 2
Fleet News Motor Show (Peterborough (0733) 63100) **Wembley**
March 4-6
International Automotive Parts and Accessories Trade Show — AUTOPARTAC (High Wycombe (0494) 41548) **Barbican**
March 6-9
Oceanology International Exhibition and Conference (01-549 5831) **Brighton**
March 7-8
Direct Marketing Fair (London Colney (0727) 25209) **Kensington Exhibition Centre**
March 7-April 1
Daily Mail Ideal Home Exhibition (01-222 9341) **Earls Court**
March 12-16
International Rubber Exhibition and Conference—RUBBEREX (01-688 7788) **NEC, Birmingham**
March 13-15
Computer Trade Show (01-643 8040) **Wembley**
March 13-16
London Fashion Fair (01-385 1200) **Olympia**
March 16-17
Financial Weekly "Over the Counter" market conference and Exhibition (01-629 4288) **Glaziers Hall, SE1**
March 19-22
Materials Testing Exhibition (St Albans (0727) 63213) **NEC Birmingham**
March 21-23
Fashion Fabrex (01-379 5568) **Olympia**
March 21-23
Exhibition of Goods and Services for Conference and Exhibition Organisers — CONFEX (01-908 2122) **Barbican**
April 3-5
Computer-Aided Design Conference and Exhibition—CAD (01-643 8040) **Brighton**
April 9-12
Audio Visual Exhibition (01-688 7788) **Wembley**
April 16-18
Solids Handling Exhibition—SOLIDEX (Uxbridge (0895) 58431) **Harrogate**

OVERSEAS TRADE FAIRS

Feb 28-March 2
Retail and Distributive Exhibition—RETAIL EUROPE (Hurst (0734 345585) **Amsterdam**
March 1-10
Athens Boat Show (01-876 2700) **Athens**
March 12-15
International Electrical and Electronic Engineering Show — ELENEX (01-486 1951) **Hong Kong**
March 13-15
The Semicon/Europa Electronics Show (01-353 8807) **Zurich**
March 14-18
Scandinavian Travel and Tourism Exhibition (45.1.51.88.11) **Copenhagen**
March 23-26
Fast Food Exhibition (01-439 3964) **Paris**
March 24-26
International Footwear Trade Fair (01-493 8393) **Dusseldorf**
March 30-April 1
Overseas Property Exhibition (01-487 2622) **Hong Kong**
April 2-4
Saudi Oil Show (01-486 3741) **Saudia Arabia**
April 4-11
Hanover Fair (01-651 2191) **Hanover**
April 11-15
International Fur Trade Fair (01-734 0543) **Frankfurt**

BUSINESS AND MANAGEMENT CONFERENCES

Feb 27
IFS: What is the PSBR for? (01-828 7545) **Regent Palace Hotel, W1**
Feb 27-28
FT Conference: The City and Europe—a 10-year appraisal (01-621 1355) **Dorchester Hotel, W1**
Feb 28-29
FT Conference: Cable television and satellite broadcasting (01-621 1355) **InterContinental Hotel, W1**
March 2
Cable and Satellite Europe: The Cable and Broadcasting Bill 1984, legal results and practical implications (01-352 1132) **Royal Garden Hotel, W8**
March 5
IFS: Taxation of savings (01-828 7545) **Regent Palace Hotel, W1**
March 5-6
United Bank for Africa: International conference on foreign debt and Nigeria's economic developments (01-626 7205) **Lagos**
March 5-9
RRG: Effective insurance marketing (01-236 2175) **Royal Horseguards Hotel, SW1**
March 6
KAE Developments: Business development conference, "What really succeeds in practice?" (01-379 6118) **Barbican, EC2**
March 6-7
FT Conference: The Euromarkets in 1984 (01-621 1355) **InterContinental Hotel, W1**
March 8-9
DIBC: International conference on bank training (01-788 1148) **Royal Garden Hotel, W8**
March 12-13
FT Conference: Pensions in 1984—a time for change (01-621 1355) **Dorchester Hotel, W1**
March 14
Institute of Credit Management: National Conference (Stamford (0780) 56777) **London Hilton, W1**
March 21
Chatham House: Korea — hard decisions facing a successful economy (01-930 2233) **10, St James's Square, SW1**
March 22-23
SERC/Netlon: Symposium on polymer grid reinforcement in civil engineering (01-836 3261) **Institution of Civil Engineers, SW1**
March 27-28
FT Conference: The second automated manufacturing conference—tools for competition (01-621 1355) **InterContinental Hotel, W1**
March 28
ESC: Acquiring and funding a U.S. business (Uppingham (0572) 822711) **Selfridge Hotel, W1**
March 28
City Business Conferences: Setting up a portable pension scheme (01-727 5120) **CFS conference centre, W1**
April 4-6
ISBA: World Industrial Advertising Congress (01-499 7502) **Paris**
April 5-6
FT Conference: Multinationals and European integration (01-621 1355) **Inter Continental Hotel, W1**

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

CONSTRUCTION CONTRACTS

Budge wins £8.5m A56 by-pass work

A. F. BUDGE (CONTRACTORS), Retford, has been awarded an £8.5m contract for the A56 diversion, Acrington Easterly by-pass, southern section. The 120-week contract, which includes 5.4 km of dual two-lane carriageway, a grade separated junction with slip roads, five reinforced concrete bridges and one reinforced concrete box culvert, is being carried out for the Department of the Environment.

*

Contracts totalling £2.4m have been awarded to **JOHN HOWARD & CO.** These include a £500,000 project for reconstruction of the River Humber embankment adjacent to Immingham Docks. Work consists of sheet toe piling, pre-cast and in situ concrete embankment and apron works and the provision of sea defence gates. The contract is on behalf of Fairclough Civil Engineering for the Anglian Water Authority. At Preston Dock the company has a £1.3m project to repair lock gates and construct a storm gate, sill and bunds, with provision of lighting, bank protection and services, for the Borough of Preston. Howard also has two contracts with a combined value of £100,000 for piling work on Penwortham Bypass, Preston, and dolphin repairs on the Victoria Embankment, London, for PSA.

Unicon Wll, a Bahrain construction company managed by John Howard, has been awarded a £500,000 contract for repairs to Berth 13 involving removal and replacement of damaged piles, for the Ministry of Works, Power and Water, Government of Bahrain.

*

CROUDACE CONSTRUCTION has won three contracts totalling £1.5m for construction of industrial and commercial premises in Reading, Weybridge and the London Borough of Lewisham. The largest, worth £739,000, was awarded by the Guardian Assurance for construction of a three-storey office block at Stanshawe Road, Reading. The development will provide 1,100 sq metres floor space. Work starts this month for completion in one year. Fifteen industrial units providing 1,319 sq metres are to be built in three blocks at Clyde Vale, SE23, for the London Borough of Lewisham. The contract is valued at £418,000 and will take 39 weeks. Stantons (Weybridge) has awarded a £400,000 contract for construction of a single-storey factory building with integral offices at New Haw, Weybridge. The work will take six months, and will provide. 1300 sq metres.

*

J. LAWSON AND CO is to carry out further restructuring and refurbishment at Hammersmith Hospital under two contracts together worth more than £350,000. The largest, worth about £280,000, mainly covers construction of a single-storey rheumatology unit on the roof of "L" block. The other contract, valued at £73,000, is for further work in the radiotherapy (supervoltage) building and covers installation of a Varian linear accelerator, including the provision of radiation protective shielding.

*

Softwood Glulam beams and cement bonded particle board, Duripanel, both from **MALLINSON-DENNY** are to be used on roof construction on the Southern Water Authority operations centre in Hampshire. The design called for exposed beams in a low-energy, low profile building. The order is worth £150,000. The new building at Otterbourne houses the reorganised Hampshire division of the authority with engineering, operations, scientific services, administration and finance under one roof. Main contractor is Warings, Portsmouth.

*

The Wessex Regional Health Authority has awarded a £4m contract to Devizes-based building contractor, **W. E. CHIVERS & SONS** for work at the Royal United Hospital, Bath. The contract, to be completed by May 1986, is for a 168-bed ward, boiler house complex and a corridor linking the new ward to the existing orthopaedic hospital. Construction will include a waste disposal room, oxygen store and salination plant, a garage block, an emergency generator room, new roads, a courtyard and car park. Chivers will also refurbish the hospital's special care baby unit for £37,000.

*

GLEESON (CITY), a subsidiary of M. J. Gleeson Group, has a contract worth £640,000 for refurbishment of Isleworth House in Hounslow. This is a three-storey office block and part-basement with a gross area of over 18,000 sq ft. Completion is due in July.

Galliford busy with £8m batch

GALLIFORD GROUP has won contracts totalling over £8.5m, one of which is a second river crossing in Burton upon Trent for Staffordshire County Council valued at over £2.5m. The carriageway will stretch between Branston Road and Stanton Road, Stapenhill. Included in the project are eight reinforced pre-cast concrete spans and the placing of 7,500 cu metres of concrete. An additional 40,000 tonnes of quarry products will also be used in the construction. When completed in the autumn of 1985, it is expected to ease traffic on the A50 over the existing bridge. Other contracts include a generator building at COD Donnington, near Telford, to be carried out by APW Construction, and flats for the retired to be built at Godmanchester for the Muir Housing Association by Stamford Construction.

*

Starts have been made by companies in the **LOVELL GROUP** on housing projects totalling well over £5m. Largest is a £1.96m partnership agreement between F. Rendell & Sons with South Oxfordshire District Council for 92 homes at Watlington; 85 for sale to council nominees and seven old people's bungalows which the council will rent. Lovell Special Works has won a £1.49m contract with the PSA for repairs and modifications to 88 married quarters at RAF Compton Bassett and a design and build contract (£332,000) for 19 homes which North Wilts District Council will let to tenants at Chippenham, Wilts. At East Grinstead, Lovell Construction (Southern) is building a sheltered housing scheme of 29 flats including warden accommodation for the Warden Housing Association (£632,000) and at Shepherds Hill, Guildford, another 20 flats for the Borough Council (£385,000). The list is completed by a £314,000 contract for Lovell Special Works, Eastbourne branch, consisting of eight houses and four flats at Horsted Keynes, which Mid Sussex District Council will rent to council tenants.

Refurbishment contracts worth more than £2m, plus another £410,000 work awarded by London Transport for projects on Underground stations. Heading the list is an £871,000 alteration and refurbishment to provide office accommodation at 7-8 Stratford Place, W1. Lovell Farrow Construction is carrying out the work for Touche Remnant Property Investment Trust. The premises, formerly head office of the Grand Metropolitan Group, comprise two houses plus a block at the back.

*

The transportation power supplies division of **GEC TRANSMISSION AND DISTRIBUTION PROJECTS** has been awarded a contract by the British Railway Board worth over £750,000 for trackside switching stations associated with their 25kV railway electrification programme. The contract is for the supply of equipment for two 25kV electrification projects—the lines from Colchester to Ipswich, Norwich and Harwich (120 route Km) in the BRB's eastern region and the conversion from 1,500V dc to 25kV ac of the line from Manchester to Glossop and Hadfield in the midland region.

£6m orders for Jones

A contract for Oxford University heads a batch worth nearly £6m awarded to **J. M. JONES & SONS.**

The Oxford order, worth £1.65m, is for construction of a two-storey library building and a four-storey building comprising a lecture theatre, entrance hall, seminar room, tutors' rooms and a dining room. The completion date is March 1986. The Manifold Trustee Company has awarded a £1.63m contract for a factory/office building, phase one of an industrial development at White Waltham industrial estate, to be completed by September. The Oxford Regional Health Authority has awarded the third largest contract, worth £1.07m, for a pathology department at High Wycombe Hospital. The completion date is July 1985.

The other contracts are: a two-storey extension to Ministry of Defence buildings at Chalfont St Peter, worth £815,000, for The Services Sound & Vision Corp; warehouse and offices at Jacksons Industrial Estate, Bourne End, for Hunkydory Designs for £458,000; and an office block in Bracknell High Street for Scammell Properties, value £265,000.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Insurances—continued

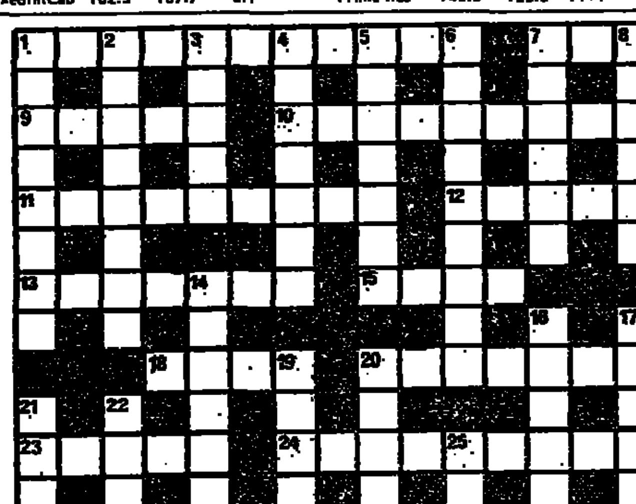
Eastchester House, Haywards Heath.				0444 458721
Nat Res'ces	108.0	114.0	−1.0	—
Property	142.0	150.0	+0.1	—
Intl Equity	127.0	134.0	....	—
Jarrets Fd	*93.0*	*98.0*	....	—
Prudential Pensions Ltd				
Holborn Bars, EC1 2NH.				01-405 9222
Pru-Link Retirement Plan				
Managed Fd	153.6	160.0	....	—
Cash Fd	116.6	121.5	....	—
Reliance Mutual				
Reliance Hse, Tunbridge Wells, Kent.				0892 22271
RL Pension Funds				
Deposit Cap	95.2	100.3	+0.1	—
Deposit Acc	95.4	100.5	+0.1	—
Equity Cap	93.1	98.0	+0.9	—
Equity Acc	93.3	98.3	+1.0	—
Fixed Int Cap	97.5	103.1	+0.1	—
Fixed Int Cap	98.1	103.3	+0.1	—
GiltIndxLkdCp	94.4	99.4	−0.3	—
GiltIndxLkdAc	94.7	99.7	−0.2	—
Managed Cap	95.1	100.2	+0.3	—
Managed Acc	95.4	100.5	+0.3	—
St George Assurance Co Ltd				
The Priory, Hitchin, Herts.				0462 57161
Managed Fd	109.0	114.8	....	—
Universal Fd	103.7	109.2	....	—
Scottish Provident Institution				
6 St Andrews Sq, Edinburgh.				031-556 9181
Mixed	100.0	105.4	−0.1	—
Equity	103.5	109.0	−0.5	—
International	102.9	108.4	+0.4	—
Property	96.4	101.6	....	—
Fixed Int	96.4	101.6	−0.2	—
Index Lkd	93.5	98.5	−0.3	—
Cash	95.4	101.6	....	—
PenMxdInt	99.9	105.3	−0.1	—
Do Ord	100.7	106.1	−0.2	—
Pen Eq Int	103.9	109.4	−0.5	—
Do Ord	104.5	110.1	−0.5	—
Pens Intl	102.6	108.1	+0.4	—
Do Ord	103.6	109.1	+0.5	—
Pens Prop Int	95.7	101.9	....	—
Do Ord	97.0	102.0	....	—
Pens Fxd Int	96.9	102.1	+0.2	—
Do Ord	97.3	102.5	−0.2	—
PensIndLkdIn	92.9	97.9	−0.3	—
Do Ord	93.0	98.0	−0.3	—
Pen Cash Int	96.2	101.4	....	—
Do Ord	97.0	102.2	....	—
Skandia Life Assurance Co Ltd				
Frobisher Hse, Southampton.				0703 334411
Mngd	158.0	166.3	−0.6	—
Equity	174.0	183.2	−0.9	—
International	174.6	183.8	−0.8	—

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,353



ACROSS

1 Fit to take possession (11)
7 Silly mid-off (3)
9 Carry out a grave commitment? (5)
10 It is placed in a challenging position (6-3)
11 Get one's own back (9)
12 Get a letter in time? It's out of the question (3, 2)
13 Rain indicators (7)
15 Boys turn into aggressive teenagers (4)
18 It may guide the traveller around deserts (4)
20 Take action to stop weakening of the spirit (3, 4)
23 Attractive material for a jacket? (5)
24 Prawns and ale for fighters, perhaps (9)
26 He has constructive ideas for the Arctic, perhaps (9)
27 Around February 1st, Eddy is upset in Wales (5)
28 Any change? Yes and no. (3)
29 Fail to catch all Edward says, being less than keen (4-7)

DOWN

1 He profits from his workers' operations (8)
2 Fraudulently devised building project? (3-2, 3)
3 They play big parts in children's tales (5)
4 Lists changes in resorts (7)
5 Many set free (7)
6 He has a short-service commission (6, 3)
7 Be up in time for a parliamentary occasion (6)
8 Being sociable and creating a stir (6)
14 Found bliss intermingled with hate (9)
16 Choose to believe healthy (5, 3)
17 It could be indeed so unfair (3-5)
19 It would be if you bought it as seasoned timber (3, 4)
20 Improvised score? (7)
21 Get the boat in somehow (6)
22 Call for resignation causes uproar (6)
25 Girl needing daily refreshment (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd		250.72		—
Managed Inv. Fd	167.73	176.56		—
Property Fd	151.12	161.18		—
Fixed Interest Fd	148.81	156.65		—
Cash Fd	137.97	145.24		—
Income Fd	196.83	207.19		—
Extra Income Fd	188.24	198.15		—
Worldwide Growth Fd.	236.57	249.03		—
Balanced Fd.	195.32	205.60		—
Smlr Co's & Recy. Fd	222.01	233.70		—
Int. Technology Fd	270.21	284.44		—
Nth Amer & Gen. Fd.	160.45	168.87		—
Energy Int. Fd	111.98	117.79		—
Pacific Basin Fund	160.26	168.70		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	116.4	122.5	−0.3	—
Property	119.6	125.9		—
Equity	124.9	131.6	+0.8	—
International	128.0	134.7	−1.5	—
Fixed Interest	104.1	109.6	+0.1	—
Deposit	101.1	106.5	+0.1	—
Managed Pen. Cap	115.8	121.9	−0.6	—
Property Pens. Cap.	120.2	126.5	−0.4	—
Equity Pens. Cap.	120.7	127.1	+0.3	—
Intnl. Pens. Cap.	131.1	138.0	−2.3	—
Fixed Int. Pens. Cap.	100.1	105.4	+0.1	—
Deposit Pens. Cap.	98.3	103.5	+0.1	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Jan 31		107.1		—
Retmt. Fed. Jan. 6		280.3		—
Managed Pen Fund	187.5	197.4		—
Property Pen Fund	117.7	123.9		—
Index Lnkd Pen Fund	112.6	118.5		—
Managed	126.9	133.6	−0.3	—
Property	106.4	112.0		—
Gilt and Fixed Interest	108.5	114.3	−0.3	—
Index-Linked	97.0	102.2	−0.3	—
Equity	127.2	133.9	−0.3	—
Cash	106.4	112.0		—
Midland Bk. Unit Tst.	125.9	132.6	−0.3	—
Midland Bank Intnl.	144.1	151.7	−0.9	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£40.26	—	−0.27	—
Property Units	£17.47	—		—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	122.7	125.3	−0.7	—
GT Pln High Yld Fnd.	150.2	157.1	−0.3	—
GT Plan Far East Fnd	127.4	134.2	−0.8	—
GT Plan N. Am Fd	172.7	179.3	−2.3	—
GT Pln UK&G.E. Fnd	140.1	155.9	−0.7	—
GT Pln Wridwde Fnd	144.5	152.2	−1.7	—
GT Pension Bnd Fnd.	134.1	142.3	−0.8	—
GT Pen High Yld Fd	149.7	157.6	−0.3	—
GT Pen Far East Fd.	157.8	166.2	+1.2	—
GT Pen N. Am. Fd	170.7	179.7	−4.7	—
GT Pen UK & G.E. Fd	171.2	180.3	−0.3	—
GT Pen Wridwde Fd.	155.0	163.2	−2.0	—

Prices for Accum. Units only

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY 01-488 0733

Intl Managed Bond	172.0	181.1		—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		257.8	−1.0	—
Portfolio Fd. Init.		209.8	−1.0	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	276.3	291.1		—
Money Fd	157.6	165.9		—
Equity Fd	229.2	241.5		—
Fixed Int. Fd	119.8	126.3		—
Property Fd	176.2	185.7		—
Managed Pen. Fd.	271.6	286.2		—
Equity Pension Fd	175.1	184.5		—
Fixed Int. Pen. Fd	168.6	177.7		—
High Yield Pen. Fd.	166.4	175.3		—
Money Pension Fd	131.4	138.3		—
Property Pension Fd	129.9	136.9	+0.7	—

Gresham/Framlington

American & Gen. Fd.	213.7	225.2	−4.4	—
Income Fd	207.6	218.8		—
Int'l. Growth Fd	260.2	274.2	−0.2	—
Capital Fund	215.7	227.3	+0.3	—
Recovery Fund	159.2	167.8	−1.5	—
Japan & Gen Fd	95.9	101.1	−0.3	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1.536	—		—
Landbank Secs.	0.6674	—		—
Landbank Secs. Acc.	189.2	194.1		—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

[illegible] unless otherwise indicated and [illegible] $ with no prefix refer to U.S. [illegible] (shown in last column) allow for all [illegible] a Offered prices include all [illegible]'s prices. c Yield based on offer [illegible]. e Today's opening price. [illegible] free of UK taxes. p Periodic [illegible] plans. s Single premium [illegible] offered price includes all expenses [illegible] commission. y Offered price includes [illegible] through managers. Z Previous [illegible] Guernsey gross. ɸ Suspended. [illegible] Jersey tax. † Ex-subdivision. [illegible] to charitable bodies. § Yield [illegible] rate of NAV increase.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
22N 22May	Exchequer 14pc 1984	100¾	17.10	13.73	9.48
19D 19Jun	Exch. 3pc 1984	98	14.11	3.06	9.58
26Mar 26S	Treasury 12pc 1984	101⅞xd	20.2	11.83	9.32
22Aug 22F	Treasury 15pc 1985	105	16.1	14.29	9.54
22S 22Mar	Exch. 12pc Cnv. '85	102⅜xd	14.2	11.72	9.64
21N 21My	Treasury 3pc 1985	93¾	17.10	3.20	8.43
15Jan 15Jul	Treasury 11½pc 1985	102⅟₁₆	9.12	11.27	9.84
3 Mar 3 Sept	Treas 8¾pcCnv '85	99¼xd	26.1	8.81	9.18
22May 22N	Exch. 12¼pc 1985	103⅜	17.10	11.87	10.13
25 Aug. 25F	Exch. 11¾pc '86	102⅝	19.1	11.45	10.29
—	Treas 10pc Cnv 1986	100⅛	—	9.97	9.80
19N 19May	Treasury 3pc 1986	88½	13.10	3.39	8.81
19 Nv 19 My	Exch. 10½pc Cv '86	101	13.10	10.40	9.97
12D 12Jun	Treasury 12pc '86	103	7.11	11.65	10.45
10Ja 10Jul	Treasury 8¼pc '84-86‡‡	97½	5.12	8.72	9.69
29Apr 29Oct	Exch. 14pc 1986	107⅜	22.9	13.04	10.70
21 May 21 N	Exch 2½pc 1986	85	18.1	2.94	8.76
22Jul 22Jan	Exch. 13¼pc 1987	106⅛	16.12	12.49	10.71
10 Fb 10 Ag	Treas 10¼pc Cnv '87	99⅜	—	10.32	10.51
24 Fb 24 Aug	Exchequer 2½pc 1987	84	18.1	2.98	8.67
Oct 6 Apr 6	Exch. 10½pc 1987	99⅛	1.9	10.59	10.81
1N 1May	Funding 6½pc '85-87‡‡	91¼	26.9	7.12	9.75
12 Jun 12 D	Treas 10pc 1987	98	—	10.20	10.70
14Ja. 14Jul	Treasury 3pc 1987	83	8.12	3.61	8.93
3 May 3N	Treas 12pc 1987	103½	27.9	11.59	10.79
26Jul 26Ja	Treasury 7¾pc '85-88‡‡	93¼	20.12	8.31	9.85
10 My 10 Nv	Exch 10½pc '88	99¼	4.10	10.58	10.71
14 Jun 14 D	Treas 9¾pc Conv '88	97¼	—	10.03	10.53
1Ja 1Jul	Transport 3pc '78-88	80½	25.11	3.73	8.46
25Ap. 25Oct.	Treas. 9½pc '88	95⅜	19.9	9.96	10.77
22Aug 22Feb	Treasury 11½pc 1989	102⅝	16.1	11.21	10.80

Five to Fifteen Years

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
14 Oc 14 Jn	Treas 10½pc 1989	100⅝	7.11	10.64	10.81
1 Feb 1 Aug	Exch 10pc 1989	98½	—	10.35	10.82

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution: this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK Listed, dealings permitted under Rule 163(4)(a).
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ■ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	76	......	Fin. 13% 97/02	£91¾xd	......
Craig & Rose £1	900	......	Alliance Gas	72	-13
Finlay Pkg 5p	48	......	Arnott	217	......
Higsons Brew	95	-3	CPI Hldgs.	84	......
Holt (Jos) 25p	890	......	Carroll Inds.	116	......
I.O.M. Stm. £1	225	......	Hall (R. & H.)	61	......
			Helton Hldgs.	25	......
			Irish Ropes	54	......
IRISH			Jacob (W. & R.)	61	-6
Exch. 12% 1985	£99	......	T.M.G.	70	......
Nat 9¾% 84/89	£86¼	......	Unidare	77	......

For Bridgewater see Property

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 16

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stays in reverse

BY COLIN MILLHAM

The dollar continued to move downwards last week, reacting to factors that would have pushed it higher not so long ago. In January the dollar rose to record levels on the prospects of high interest rates in the U.S. This position has not changed and the likelihood of rates remaining firm for some time has probably grown stronger.

Testimony before Congress by Mr Paul Volcker, chairman of the Federal Reserve Board, earlier this month left little doubt that the chances of any substantial fall in U.S. rates are slim but it was Mr Volcker's comments about the danger of running such large budget and trade deficits, and his concern about the U.S. becoming a major international debtor that sapped confidence in the dollar.

From that point it has been mostly downhill for the U.S. currency apart from one or two days at the beginning of last week when European dealers became worried about the implications of the war between Iran and Iraq. The U.S. market was closed for Washington's birthday last Monday when the sudden flare up in the Gulf led to speculation that Iran would try to put pressure on the West by stopping oil supplies passing through the Straits of Hormuz. Europe believed that U.S. traders were generally short of dollars before the long weekend and therefore started to push the dollar up thinking that U.S. dealers would be forced to cover positions by buying dollars on their return. But they must have been roughly square and New York continued to sell dollars on Tuesday, leading to a very quick change of heart in Europe the following day.

Economic data released last week gave further evidence that the U.S. economy was expanding at a fast rate in January, but this only reinforced market fears about the trade deficit, inflation, and U.S. competitiveness, and the dollar fell to its lowest level against the D-mark since last October.

Sterling retreated with the dollar against Continentals, but was much firmer against the dollar, underpinned by fears about the oil supply situation from the Gulf.

£ in New York

	Feb. 24	Prev. close
Spot	£1.4710-4720	£1.4620-4636
1 month	0.08-0.10 dis	0.09-0.10 dis
3 months	0.34-0.36 dis	0.34-0.36 dis
12 months	1.77-1.82 dis	1.76-1.85 dis

£ forward rates are quoted in U.S. cents discount.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.4715	1.4725	1.4750	1.4800	1.4897
D-Mark	3.8725	3.8613	3.84	3.8108	3.7549
French Franc	11.92	11.99	12.1859	12.37	12.7410
Swiss Franc	3.2050	3.19	3.1615	3.1215	3.0460
Japanese Yen	343.25	342.8	341.05	338.85	334.565

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.8506	+2.12	+1.91	±1.5447
Danish Krona	8.14104	8.21153	+0.87	+0.66	±1.6425
German D-Mark	2.24184	2.23888	−0.13	−0.34	±1.0842
French Franc	6.87456	6.90356	+0.42	+0.21	±1.4052
Dutch Guilder	2.52595	2.52945	+0.14	−0.07	±1.4964
Irish Punt	0.72569	0.728493	+0.39	+0.18	±1.6699
Italian Lira	1403.49	1390.68	−0.91	−0.91	±4.1505

Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

BANK OF ENGLAND TREASURY BILL TENDER

	Feb. 24	Feb. 17		Feb. 24	Feb. 17
Bills on offer	£100m	£100m	Top Accepted rate of discount	8.8645%	8.8643%
Total of applications	£486.475m	£627.735m	Average rate of discount	8.8475%	8.8632%
Total allocated	£100m	£100m	Average yield	9.04%	9.06%
Minimum accepted bid	£97.79	£97.79	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	44%	39%			

THE POUND SPOT AND FORWARD

Feb 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4610-1.4735	1.4710-1.4720	0.07-0.12c dis	−0.77	0.32-0.37dis	−0.94
Canada	1.8250-1.8400	1.8380-1.8390	0.05-0.15c dis	−0.65	0.25-0.35dis	−0.65
Nethlnd.	4.33½-4.40½	4.36¼-4.37¼	1⅛-⅞c pm	3.09	3¼-3¼ pm	3.20
Belgium	78.65-79.60	79.20-79.30	20-30c dis	−3.78	73-83 dis	−3.94
Denmark	14.08-14.26	14.19½-14.20½	0.30-1.35ore dis	−0.70	2.80-3.86dis	−0.94
Ireland	1.2480-1.2800	1.2540-1.2650	0.26-0.33p dis	−2.82	0.93-1.06dis	−3.17
W. Ger.	3.83½-3.89½	3.86¾-3.87¾	1½-⅞pf pm	3.49	3½-3 pm	3.36
Portugal	192.50-194.50	193.75-194.25	265-560c dis	−25.51	700-1365dis	−21.29
Spain	220.40-223.20	221.75-221.95	170-195c dis	−9.87	540-590dis	−10.19
Italy	2384½-2408½	2400½-2402½	15-17lire dis	−7.99	50½-52½dis	−8.62
Norway	11.04-11.17	11.12½-11.13½	2.65-3.80ore dis	−3.48	10.0-11.0dis	−3.77
France	11.83-11.97	11.91½-11.92½	6½-7½c dis	−7.05	26-27 dis	−8.89
Sweden	11.46½-11.56½	11.54¼-11.55¼	1.55-2.40ore dis	−2.05	4.40-5.40dis	−1.70
Japan	339½-344½	342¼-343¼	0.70-0.60y pm	2.27	2.25-2.15 pm	2.56
Austria	27.08½-27.45	27.28-27.33	7½-5½gro pm	2.91	23½-18½ pm	3.05
Switz.	3.17½-3.21½	3.20-3.21	1½-1¼c pm	5.62	4½-4½ pm	5.46

Belgian rate is for convertible francs. Financial franc 82.65-82.75. Six-month forward dollar 0.77-0.82c dis. 12-month 1.745-1.85c dis. *February 23—the closing rate should have read 3.87¾-3.88¾.

THE DOLLAR SPOT AND FORWARD

Feb 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4610-1.4735	1.4710-1.4720	0.07-0.12c dis	−0.77	0.32-0.37dis	−0.94
Ireland†	1.1665-1.1700	1.1690-1.1700	0.24-0.21c pm	2.31	0.72-0.62 pm	2.30
Canada	1.2487-1.2500	1.2495-1.2500	0.02c pm-par	0.10	0.07-0.05 pm	0.19
Nethlnd.	2.9695-2.9800	2.9695-2.9715	1.00-0.90c pm	3.83	3.05-2.95 pm	4.03
Belgium	53.80-53.95	53.83-53.85	12-17c dis	−3.23	35-44 dis	−2.97
Denmark	9.6350-9.6775	9.6450-9.6500	¼ore pm-¼ dis	—	¼ pm-¼ dis	—
W. Ger.	2.6225-2.6460	2.6300-2.6310	0.91-0.86pf pm	4.03	2.84-2.79 pm	4.27
Portugal	131.50-132.85	131.50-132.00	175-375c dis	−25.91	450-900dis	−20.45
Spain	150.85-151.25	150.90-151.00	110-125c dis	−9.34	330-365 dis	−9.21
Italy	1630½-1625	1632-1633	9½-10½lire dis	−7.44	31-31½ dis	−7.68
Norway	7.5640-7.5800	7.5675-7.5725	1.45-2.05ore dis	−2.77	5.10-5.60dis	−2.83
France	8.0900-8.1325	8.1000-8.1050	4½-5½c dis	−7.77	17-19 dis	−8.89
Sweden	7.8425-7.8550	7.8450-7.8500	0.70-1.10ore dis	−1.38	1.25-1.75dis	−0.76
Japan	232.25-233.40	233.00-233.10	0.62-0.58y pm	3.09	2.07-2.02 pm	3.51
Austria	18.53-18.58	18.54-18.55	6.10-5.50gro pm	3.75	19.25-17.25pm	3.94
Switz.	2.1725-2.1860	2.1765-2.1775	1.12-1.06c pm	6.08	3.50-3.46 pm	6.39

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.18-56.23.

OTHER CURRENCIES

Feb. 24	£	$		£ Note Rates
Agentina Peso	41.83-41.92	28.52-28.55	Austria	27.15-27.45
Australia Dollar	1.5550-1.5570	1.0595-1.0600	Belgium	82.30-83.10
Brazil Cruzeiro	1,725.2-1,735.2	1,176-1,182	Denmark	14.11-14.25
Finland Markka	8.3350-8.3685	5.6760-5.6810	France	11.87-11.98
Greek Drachma	147.75-148.15	100.75-101.15	Germany	3.85¼-3.89¼
Hong Kong Dollar	11.403-11.413	7.7730-7.7780	Italy	2375-2405
Iran Rial	126.75*	87.40*	Japan	340-345
KuwaitDinar(KD)	0.4285-0.4295	0.29200-0.29240	Netherlands	4.35-4.39
Luxembourg Fr.	79.20-79.30	53.83-53.85	Norway	11.09-11.20
Malaysia Dollar	3.4210-3.4270	2.3320-2.3335	Portugal	190-200
New Zealand Dlr.	2.2120-2.2170	1.5045-1.5065	Spain	219-229
Saudi Arab. Riyal	5.1400-5.1510	3.5050-3.5100	Sweden	11.49-11.60
Singapore Dollar	3.1160-3.1320	2.1245-2.1255	Switzerland	3.18½-3.21½
Sth African Rand	1.7710-1.7740	1.2035-1.2055	United States	1.46¼-1.48¼
U.A.E. Dirham	5.3845-5.3900	3.6720-3.6730	Yugoslavia	199-210

* Selling rates.

CURRENCY MOVEMENTS

Feb. 24	Bank of England Index	Morgan Guaranty Changes%
Sterling	82.6	−8.3
U.S. dollar	127.6	+16.1
Canadian dollar	91.0	−0.3
Austrian schilling	117.3	+3.9
Belgian franc	90.5	−11.3
Danish kroner	79.2	−5.9
Deutsche mark	127.6	+8.9
Swiss franc	149.1	+11.4
Guilder	115.9	+4.5
French franc	67.0	−13.4
Lira	48.8	−15.1
Yen	154.1	+11.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.720391	0.580629
U.S. $	8½	1.05631	0.851608
Canadian $	10.04	—	1.06357
Austria Sch.	3¾	19.5872	15.7888
Belgian Fr.	11	56.9664	45.8506
Danish Kr.	7	10.1908	8.21163
D'mark	4	2.77662	2.23888
Guilder	5	3.13630	2.52945
French Fr.	9½	8.56139	6.90356
Lira	16	1723.11	1390.68
Yen	5	245.254	198.246
Norwgn Kr.	8	7.99637	6.44114
Spanish Pts.	—	159.404	128.508
Swedish Kr.	8½	8.28992	6.68437
Swiss Fr.	4	2.29610	1.85327
Greek Dr'ch	20½	106.666	85.9443

* CS/SDR rate for Feb 23: 1.31515.

EXCHANGE CROSS RATES

Feb. 24	Pound St'rling	U.S. Dollar	Deutsche m'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	1.	1.472	3.873	343.3	11.92	3.205	4.373	2402.	1.839	79.25
U.S. Dollar	0.680	1.	2.631	233.1	8.103	2.177	2.971	1633.	1.250	53.84
Deutschemark	0.258	0.380	1.	88.64	3.078	0.828	1.129	620.1	0.475	20.46
Japanese Yen 1,000	2.913	4.287	11.28	1000.	34.73	9.337	12.74	6996.	5.356	230.9
French Franc 10	0.839	1.234	3.249	288.0	10.	2.689	3.668	2015.	1.542	66.48
Swiss Franc	0.312	0.459	1.208	107.1	3.719	1.	1.364	749.5	0.574	24.73
Dutch Guilder	0.229	0.337	0.886	78.50	2.726	0.733	1.	549.2	0.420	18.12
Italian Lira 1,000	0.416	0.613	1.613	142.9	4.964	1.335	1.821	1000.	0.766	33.00
Canadian Dollar	0.544	0.800	2.106	186.7	6.484	1.743	2.378	1306.	1.	43.11
Belgian Franc 100	1.262	1.857	4.886	433.1	15.04	4.044	5.517	3030.	2.320	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9-9⅛	9⅜-9⅝	9½-9¾	5⅞-6	1⅜-1½	5⅞-6⅛	12-12¼	16-17	11-11½	11⅛-12	6⅛-6⅜	10¼-10¾
7 days' notice	9⅛-9¼	9⅛-9⅜	9½-9¾	5⅞-6	6¼-6½	5⅝-6⅛	13½-13½	16⅜-18⅛	12-13	11¾-12¼	6½-6⅝	10¼-10¾
Month	9 7/16-9 9/16	9 13/16-10 1/16	9 9/16-9 13/16	5⅞-6	3⅜-3½	5 11/16-5 13/16	17⅛-18	17¼-18	13½-14	13¼-12½	6⅝-6¾	11⅛-11⅝
Three months	9 7/16-9 9/16	10 1/16-10 3/16	9⅞-10	6-6⅛	3 5/16-3 7/16	5 11/16-5⅞	18-18½	17¾-18¼	13-13½	12¼-12½	6 7/16-6 9/16	11-11½
Six months	9⅜-9½	10 3/16-10 5/16	10 1/16-10 3/16	6 3/16-6 5/16	3 5/16-3 7/16	5½-6	17-17½	17⅞-18⅜	12⅞-13⅜	12¼-12½	6½-6⅝	11-11½
One year	9 9/16-9 11/16	10 11/16-10 13/16	10 7/16-10 9/16	6 5/16-6 7/16	4⅛-4¼	6 3/16-6 5/16	16½-17	16⅝-18⅞	13¼-13¾	12⅛-12⅜	6⅝-6¾	11¼-11¾

Asian $ (closing rates in Singapore): Short term 9 11/16-9 13/16 per cent; seven days 9¾-9⅞ per cent; one month 9 13/16-9 15/16 per cent; three months 10⅛-10¼ per cent; six months 10⅜-10½ per cent; one year 10¾-10⅞ per cent. Long-term Eurodollars two years 11⅜-11⅝ per cent; three years 11⅞-12⅛ per cent; four years 12¼-12½ per cent; five years 12⅜-12⅝ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

MONEY MARKETS

Bank acts on market liquidity

London money market rates had a slightly softer tone last week as sterling gained ground against the dollar on the foreign exchanges. Trading remained very dull however and for most of the time bill rates were virtually unchanged. The market was quite short of liquidity, with daily shortages running at about £350m to £500m, and from the middle of the week the Bank of England found it difficult to get enough bills from the market on an outright basis, and was forced to resort to several repurchase agreements, some of which run into the latter part of next month.

It therefore came as little surprise when the authorities liquidity to the banks on Friday in the form of gilt-edged repurchase agreements and promissory notes on Government guaranteed paper.

Conditions would have been very tight on Monday when repurchase agreements totalling £710m unwound, but this was largely offset by maturity of 11¼ per cent Exchequer 1984 adding £550m to liquidity, and the shortage came out of a manageable £400m.

On Wednesday the shortage was in the region of £550m, and an early offer of assistance resulted in the authorities providing a repurchase agreement on bills of £342m, plus outright help later in the day. This rolled over part of the £527m drained by the unwinding of repurchase agreements, and would have led to a much larger shortage on the day but for gilt dividends of about £300m, and block grant paid to local authorities of £455m.

In New York the Federal funds overnight rate was fairly steady at about 9⅜ per cent, and the Federal Reserve supplied significant liquidity during the week by repurchase agreements.

In Brussels the Belgian National Bank tried to take some of the pressure off the Belgian franc within the EMS by raising one, two and three-month Treasury bill rates to a uniform 12 per cent. Demand for the D-mark, as international funds flow into Frankfurt from Wall Street, has put a strain on the franc, resulting in two increases in bill rates in just over a week.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Feb. 24	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	12	1-2	5¾-5⅞	6.09375	16¾-17⅛	7.6	—
One month	5.45-5.60	12 1/16-12 3/16	3 1/16-3 3/16	5⅞-6	6.34375	16¾-17⅛	12⅜-12⅝	13⅜-12½
Two months	5.70-5.80	12½-12⅝	—	—	—	—	—	12⅜-12⅝
Three months	5.80-5.90	12⅝-12¾	3⅝-3¾	6⅛-6¼	6.28125	17-17⅜	12⅜-12⅝	12½-12¾
Six months	5.90-6.05	12⅝-12¾	—	6-6⅛	—	—	12¼-12½	12½-13
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Feb. 24 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8-9¼	9⅛	9-9¼	8-9⅛	—	—	—	—	—
2 days notice	—	—	9⅛-9¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9 1/16-9¼	9⅛-9¼	—	—	—	—	—	—	—
One month	9¼ 9 5/16	9 5/16-9 7/16	9 5/16	9⅜	9-9⅛	9	8 11/16	9-9 1/16	8 15/16-9	9⅝
Two months	9 3/16-9¼	9¼-9 7/16	9¼	9½	9-9⅛	8 13/16	8⅞-8 25/32	8 13/16-8 11/16	8 11/16-8 13/16	9 5/16
Three months	9 3/16-8¼	9 5/16-9⅜	9 5/16	9⅝	9-9⅛	8⅞	8 25/32	8⅞-8 25/32	8 25/32-8⅞	9½
Six months	9 11/32-9 9/32	9 7/16-9⅛	9 7/16	—	—	—	—	8 13/16	8 25/32	9 5/16
Nine months	9 11/32-9 15/32	9⅛-9⅝	9⅝	—	—	—	—	—	—	—
One year	9 15/32 9 17/32	9⅝-9¾	9⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅝-9⅞	—	9¼	9.75-9.85	9¼-9½	10-10¼
Two months	9¾-9½	—	9 5/16	9.75-9.85	9⅜-9⅝	10-10¼
Three months	9¼-9½	—	9⅝	9.8-9.9	9 7/16-9 11/16	10-10¼
Six months	9⅝ 9⅞	—	9½	10.05-10.15	9½-9¾	10-10¼
Nine months	9¾-9½	—	9⅝	10.15-10.25	—	—
One year	9¾-9½	—	9 11/16	10.35-10.5	9¾-10	10⅛-10⅜
Two years	—	10⅛	—	—	—	—
Three years	—	10¾	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 4 to February 7, 1984 (inclusive): 9.493 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from February 1, 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rate for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rates of discount 8.8475 per cent. Certificate of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9½ per cent; three-six months 9¾ per cent; six-12 months 10¼ per cent. Under £100,000 9¼ per cent from February 6. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. February 24)

3 months U.S. dollars	
bid 10 1/8	offer 10 1/4
6 months U.S. dollars	
bid 10 3/8	offer 10 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm)

Prime rate	11
Broker loan rate	10¾-10½
Fed funds	9⅝
Fed funds at intervention	9⅝

Treasury Bills

One month	8.85
Two month	9.05
Three month	9.15
Six month	9.28

Treasury Bonds

One year	9.31
Two year	99 27/32
Three year	99¼
Four year	99 5/16
Five year	98 27/32
Seven year	99 23/32
10 year	98 21/32
30 year	99 5/32

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	89.97	90.00	89.94	89.97
June	89.47	89.50	89.40	89.46
Sept	89.14	89.16	89.10	89.14
Dec	88.84	88.85	88.82	88.84
March	88.60	—	—	88.60

Volume 4,008 (4,738)
Previous day's open int. 11,485 (11,659)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.91	90.91	90.88	90.89
June	90.68	90.70	90.61	90.65
Sept	90.48	90.48	90.46	90.45
Dec	90.31	—	—	90.27
March*	90.08	90.10	90.08	90.15

Volume 478 (983)
Previous day's open int. 6,245 (6,314)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	108-14	108-24	108-10	108-21
June	108-01	108-07	107-31	108-04
Sept	107-16	—	—	107-19
Dec	107-01	—	—	107-03
March	106-18	—	—	106-19

Volume 3,372 (3,583)
Previous day's open int. 4,196 (4,042)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 14 to 24 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4678	1.4723	1.4640	1.4632
June	1.4715	1.4755	1.4704	1.4665
Sept	1.4755	—	—	1.4705

Volume 736 (479)
Previous day's open int. 2,297 (2,234)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3808	0.3816	0.3798	0.3777
June	0.3847	0.3854	0.3838	0.3818
Sept	0.3883	—	—	0.3854

Volume 434 (442)
Previous day's open int. 563 (464)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4603	0.4610	0.4603	0.4590
June	0.4674	0.4680	0.4674	0.4665
Sept	—	—	—	—

Volume 33 (79)
Previous day's open int. 221 (261)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4295	0.4305	0.4295	0.4288
June	0.4334	—	—	0.4328
Sept	—	—	—	—

Volume 76 (5)
Previous day's open int. 269 (271)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	69-00	69-02	68-26	68-20
June	68-12	68-14	68-06	68-00
Sept.	67-26	67-28	67-21	67-14
Dec.	67-10	67-11	67-05	66-30
March	66-27	66-28	66-23	66-15
June	66-13	66-13	66-09	66-01
Sept	89-27	89-27	89-23	65-19
Dec.	65-18	65-19	65-16	65-05

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
March	90.79	90.80	90.75	90.69
June	90.40	90.42	90.38	90.29
Sept.	90.07	90.09	90.04	89.98
Dec.	89.82	89.82	89.78	89.73
March	89.57	89.58	89.53	89.49
June	89.35	89.35	89.34	89.30
Sept.	89.16	89.18	89.16	89.13
Dec.	89.00	89.02	89.02	88.98

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
March	90.20	90.21	90.14	90.10
June	89.68	89.69	89.61	89.55
Sept.	65-31	66-01	66-28	65.79

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
March	89.73	89.73	89.65	89.61
June	89.23	89.24	89.16	89.11
Sept	88.86	88.87	88.82	88.75
Dec	88.56	88.56	88.51	88.46
March	88.26	88.26	88.25	88.19
June	88.00	88.00	87.99	87.95

STERLING (IMM) $s per £

	Close	High	Low	Prev
March	1.4760	1.4770	1.4640	1.4605
June	1.4805	1.4810	1.4675	1.4645
Sept.	1.4850	1.4865	1.4750	1.4685
Dec.	1.4895	1.4870	1.4800	1.4735
March	1.4925	1.4925	—	1.4785

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	68-29	68-30	68-25	68-20
June	68-00	68-00	67-27	67-22
Sept.	67-07	67-07	67-03	66-29
Dec.	66-16	66-16	66-14	66-07
June	65-11	65-11	65-10	65-02
Sept.	64-28	64-28	64-27	64-19
Dec.	64-15	64-15	64-14	64-06

WEEKLY CHANGE IN WORLD INTEREST RATES

	Feb. 24	change		Feb. 24	change
LONDON			**NEW YORK**		
Base rates	9	Unch'd	Prime rates	11	Unch'd
7 day interbank	9 3/16	Unch'd	Federal funds	9⅝	+1/16
3 mth interbank	9 7/16	−1/16	3 Mth. Treasury Bills	9.16	+0.04
Treasury Bill Tender	8.8437	−0.0158	6 Mth. Treasury Bills	9.29	+0.02
Band 1 Bills	9 1/16	Unch'd	3 Mth. C.D	9.80	Unch'd
Band 2 Bills	9	Unch'd	**FRANKFURT**		
Band 3 Bills	8 31/32	Unch'd	Lombard	5.50	Unch'd
3 Mth. Treasury Bills	8⅞	+1/32	One Mth. Interbank	5.525	+0.025
1 Mth. Bank Bills	9 1/16	Unch'd	Three month	5.85	+0.025
3 Mth. Bank Bills	8 29/32	Unch'd	**PARIS**		
TOKYO			Intervention Rate	12	Unch'd
One month Bills	6.34375	+0.1874	One Mth. Interbank	12.5	+0.0625
Three months Bills	6.28125	Unch'd	Three month	12.6875	+0.125
BRUSSELS			**MILAN**		
One month	12½	+⅞	One month	16 15/16	+⅛
Three month	12½	+⅝	Three month	17 3/16	+⅛
AMSTERDAM			**DUBLIN**		
One month	5 15/16	−⅛	One month	12⅛	+⅛
Three month	6 1/16	+⅛	Three month	12⅝	+¼

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 8⅞.

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Over-the-Counter Market

Capitalisatn. £000's	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
5,589	Ass. Brit. Ind. Ord.	128	—	6.4	5.1	7.3	9.5
—	Ass. Brit. Ind. CULS	138	−1	10.0	7.2	—	—
4,168	Airsprung Group	72	−1	6.1	8.5	20.6	20.6
675	Armitage & Rhodes	27	—	—	—	—	—
39,896	Bardon Hill	320	+1	7.2	2.3	13.1	26.6
3,190	Bray Technologies	58	—	2.7	4.7	10.5	11.4
2,079	CCL Ordinary	197	—	5.0	2.5	4.5	6.3
—	CCL 11pc Conv. Pref.	147	—	15.7	10.7	—	—
2,097	Carborundum Abrasives	350	+3	5.7	1.6	—	—
1,628	Cindico Group	103	—	17.6	17.0	—	—
4,534	Deborah Services	58xd	+1	6.0	10.3	31.0	50.4
12,933	Frank Horsell	199	—	—	—	8.3	13.7
—	Frank Horsell Pr Ord 87	186	—	8.7	4.7	7.8	12.8
4,190	Frederick Parker	29	−7	4.3	14.8	—	—
646	George Blair	35	—	—	—	—	—
1,950	Ind. Precision Castings	48	—	7.3	15.2	13.3	15.6
6,360	Isis Conv. Pref.	265	+16	17.1	6.5	—	—
6,021	Jackson Group	119	−1	4.5	3.8	6.2	12.2
3,271	James Burrough	237	−1	11.4	4.8	13.1	13.5
9,180	Minihouse Holding NV	340	+3	4.0	1.2	25.8	31.2
1,102	Robert Jenkins	108	—	20.0	18.5	12.8	8.4
3,000	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
1,562	Torday & Carlisle	64	—	2.9	4.5	—	—
2,013	Trevian Holdings	444	+5	—	—	9.0	8.3
2,826	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
11,219	Walter Alexander	88	−4	6.8	7.7	7.7	10.2
5,508	W. S. Yeates	236	—	17.1	7.2	3.7	7.5

FINANCIAL TIMES SURVEY

Vehicle Fleet Management

Wide choice for car buyers

BY JOHN GRIFFITHS

THIS IS a time of sweeping change in the vast but ill-defined UK busines vehicles sector. It is ill-defined because, particularly with cars, no one in the industry seems able to agree on just how big it is. To give some idea of the disparities, surveys by the British Institute of Management and independent researchers Makrotest, suggest that 190,000 companies are running a total fleet of about 2.6m vehicles.

Yet in a survey produced by Fleet News Car Edition, ahead of the second Fleet News Motor Show starting at Wembley on Tuesday, the size of the business car fleet currently on UK roads is put at between 3.75 and 4m.

Companies registering cars in their own names make it easy to identify, via the Department of Transport's Swansea computer, that they accounted for about 40 per cent of last year's 1.79m new car registrations. More difficult to estimate are the numbers in the professions and one-man businesses.

But *whichever survey finding* is opted for as the most credible, it is clear that the spending on business cars and commercial vehicles is enormous. If, as many believe, company cars account for 70 per cent of all registrations, then the 1.25m cars purchased for business use last year would represent spending of nearly £6.3bn at an average unit price of £5,000.

The changes taking place have considerable implications for all involved in the business —for car manufacturers and their distribution networks, for the user companies and the growing number of leasing, contract hire and fleet management specialist companies seeking to persuade fleet operators to use their services.

The company car buyer, for example, who used to purchase Ford Cortinas almost as a matter of routine because there was no competitor in the market so suitable for the needs of representatives and salesmen, is becoming spoilt for choice. He will be even more spoilt from April, when Austin Rover's LM 11 range of saloons and estates becomes available to battle for sales against the Cortina's successor, the Sierra, and its fierce rival, the Vauxhall Cavalier.

But not only are companies better placed for choice; one of the clear trends revealed by recent research is that more and more companies are extending freedom of choice to individual employees, allowing them to pick a variety of models within a given price band (although many companies rule out imported cars, particularly fast-depreciating ones).

Effect

An illustration of the effect this has had is provided by PHH Services, the U.S.-owned fleet management company based at Swindon which claims to manage 140,000 vehicles for client companies.

Figures show that in early 1982 59 per cent of its managed fleet were Fords; a mere 9 per cent Vauxhalls and about the same for BL. By the end of last year, Vauxhalls accounted for 35 per cent, Fords for 33 and BL cars for about 20 per cent. Mr Nick Suddaby, PHH's deputy chairman, says, that he has never seen a trend "as marked, or as startling." It has nothing whatsoever to do with any shortcomings of Ford's product—" the Sierra is a perfectly good car"—its service or its network. It is largely, he suggests, a reflection of the fact that PHH itself urges any client company not to have vehicles from just one manufacturer, and that companies in turn give their drivers a choice. "And a lot of them simply want something different in the driveway if there's an alternative that's good and available."

Most of the specialists tell a similar story, though in many cases the trend is rather less marked than in PHH's case. But it does tend to bear out the argument put forward by analysts such as Dr Garyl Rhys, adviser on the motor industry to the House of Commons, that, particularly with the arrival of the LM 11, Ford is going to have to fight much harder for its 30 per cent market share this year.

It is a fight which will almost certainly mean that its unilaterally-declared truce last September on financial incentives to dealers will not hold much longer. What this means is that business purchasers will be in an even stronger position vis-a-vis the manufacturers this year.

But the battle for sales is likely to involve much more than just discounting, and include increased attention by dealer networks to providing service more specifically directed towards fleet customers; a fact recognised by Austin Rover, for example, which is setting up over 100 dealers within its network to specialise in fleet business on the basis that the LM11 will provide it with its best opportunity to recapture a large share of the fleet market for many years.

Pressures

There are signs, too, that as a result of the fierce pressures on companies to re-examine their costs during the traumas of recession, some of them are beginning to take a more sophisticated approach to the whole question of vehicle acquisition, operation and disposal.

Several surveys, by Makrotest, the BIM, James Bellini Associates and others, have previously painted a pretty dismal picture of the efficiency with which companies approach their fleets operations compared to their mainstream businesses. The BIM study, in particular, found that while three-quarters of the companies it surveyed said they felt they operated their fleets efficiently, only a quarter could identify the cost of ownership of any given car on the fleet.

Makrotest, in a 1981 survey, found that a large minority of transport managers or others charged with running the fleet could not identify the pros and cons of the four main forms of acquisition—cash, hire purchase, finance, leasing and contract hire.

About two-thirds, it found, were not even aware of the existence of Exposure Draft 29, *the Accounting Standards Committee's* proposal expected soon to require finance-leased assets to be shown on the balance sheet.

However, in the past few months Makrotest has carried out a follow-up survey, which does indicate that companies have become more concerned about vehicle costs.

It suggests that the overall size of the business car market has not changed significantly; but that more companies are using their capital for business expansion, rather than running cars. Between 1981 and 1983, it concluded that purchase for cash had declined by 10 per cent, and use of hire purchase by 5 per cent. It showed contract hire—where operating costs and residual value risks are borne by the contract hire company—growing by 51 per cent and finance leasing by 22 per cent.

The survey predicted that fleet management would grow among medium and larger fleets, at a rate roughly similar to contract hire, or by 25 per cent by 1985. Purchase, it predicted, would decline by a further 4 per cent. Of the 507 companies surveyed, 27 per cent said they expected their fleet siz to change in the next two years, 19 per cent forecasting that it would go up; 8 per cent that it would go down.

However, the specialist companies still have a long way to go before they convince the majority of those 190,000 companies that the services they provide represent a more cost-effective alternative than "in-house" fleet ownership and operation. Outright ownership has shrunk between 1981 and 1983—but only from just over 80 per cent to slightly less than 75 per cent.

Some 15 per cent of the total business market, the Makrotest survey concludes, is served by contract hire (10 per cent in 1981); 9 per cent by finance leasing (7 per cent) and 2 per cent by fleet management (1 per cent).

James Bellini Associates, in its survey published towards the end of last year, concluded

CONTINUED ON PAGE VII

Delivery by one of the BRS fleet and (right) Nick Suddaby of PHH: startling trend

Spending on business cars and commercial vehicles is huge—£6.3bn on cars alone. Specialist services are expanding well beyond the company car to contract hire and leasing of vans and trucks to suit particular needs

CONTENTS

Editorial production and layout: Michael Strutt

Margins are slim but the range of models available is expanding

Car buyers hold advantage on choice

THIS YEAR the balance of power between the big company fleet buyers and the car producers should move heavily in the fleets' favour. The reason: Austin Rover is to launch the Montego, formerly known by its code-name LM11.

For many years the fleet managers in Britain really had only one obvious choice around which to build their car buying policies — Ford's Cortina. Then along came the Vauxhall Cavalier to disturb that monopoly. Helped by the uncertainties created by the phasing out of the Cortina and its replacement by a radically different model, the Sierra, the Cavalier has become a fleet favourite.

This spring Austin Rover, BL's subsidiary, joins the fray. The Montego will be its first car to offer a serious challenge in the upper-medium segment of the car market for about 16 years — not since the demise of the Austin Cambridge/Morris Oxford range has the company had such a strong contender. (Even Austin Rover people admit that the Princess/Ambassador was unsuccessful.)

We already know that the Montego will be more than a "booted version of the Maestro." It has been "stretched, booted and moved up-market" by all accounts.

Progress

Austin Rover has been preparing itself to do battle with Ford and General Motors, Vauxhall's parent, in the big fleet market for some years. But it knew that without a suitable new product there was no chance of making real progress. The Montego, following the Maestro launched a year ago, gives the company the product it needed. And Austin Rover has made sure that the big fleets know all about the products it has in the pipeline.

The company's detailed research also shows that the fleet managers' view of the services provided by the manufacturers is that no one group is outstanding. "We feel there is a big opportunity for anyone who can lift his network's attitude and give the best service and customer care," says Mr Jeff Johnson, Austin Rover's fleet sales and service director.

The company's previous efforts have paid off to the extent that it stopped the steady erosion of its fleet sales at between 12 to 15 per cent of the total "business user" car market sector—which includes all business car purchases, not just fleets with over 25 vehicles. During the past two years or so, Austin Rover claims its share has crept back up to about 17½ per cent.

One project which helped was the presentation of the Maestro to companies with big car fleets where the employees have a choice of vehicle, the so-called "user-choosers." Maestros were put on display at the fleet company's premises and employees could take part in ride-and-drive tests during working hours. Austin Rover put on 120 of these displays in two days during the Maestro's introductionary period in March last year.

A similar approach will be taken to "user-choosers" when LM11 (Montego) is launched and between 120 and 150 displays will be mounted.

But perhaps the most important part of Austin Rover's long-term strategy in this sector is that it is establishing a group of dealers within the total network who will be fleet specialists.

Between 100 and 125 dealers (from Austin Rover's network totalling 1,500 outlets) will be selected to specialise in the fleet car business.

Mr Johnson insists the dealer to be chosen will need to span the total business, however, because fleet margins are very slim. "So they will have to have a good profitable business in retail sales and in sales to the small fleets with under 25 vehicles where margins are better."

He adds that the "fleet specialist network" will be subject to very stringent financial controls and that Austin Rover will monitor profitability closely. "We will not permit standards to slip because of any loss of profitability."

High standards

Moreover, Austin Rover is to set high standards for the selected dealers to meet in terms of sales staff, sales policy, service and parts facilities, training and so on. All the fleet dealers will be required to employ a full-time fleet salesman and a fleet administrator, for example.

Mr Johnson says the selected dealers are likely to be in urban areas because the big fleets tend to have national coverage.

Austin Rover will support the fleet dealers, not by giving extra margins of profit on the cars supplied but in other ways. The aim will be to cut the dealer's cost base, for example with support for demonstrator cars, help with specialist marketing expenses, assistance with recruitment costs, advice and consultancy on the type of people who should be recruited and with modern training methods, including the use of human psychology.

Austin Rover already had one of the two elements which seem to be essential in the battle for big fleet business: a large dealer network. The other ingredient is a broad range of up-to-date, desirable cars. The company is close to putting that part of the jigsaw into place.

Ford has been able to present a complete picture for many years. It has about 1,200 dealers and reckons that that puts every customer within five miles of one of its outlets. At the same time the company has in its model range a car suitable for everyone in the corporate hierarchy.

General Motors has 75 variants covering 90 per cent of the car market with its Vauxhall and Opel brands. Its dealer network is also extensive, totalling 660 and this is likely to be increased gradually to around 700.

Like Ford, GM already has about 150 specialist fleet dealers handling the bulk of its sales to the major fleets.

Its success in the fleet sector has enabled GM to boost its share of the total UK car market from 8.5 per cent two years ago to 14.6 per cent in 1983. This year it aims for a 16 per cent share—reaching that level a full year ahead of the original target. GM insists it can achieve a steady 1 per cent a year growth and eventually reach 25 per cent of the British market.

Strategy

At the same time Ford intends to hold its market penetration near the 30 per cent level. Mr Ernie Thompson, Ford's director of car sales, pointed out recently that the group had invested a considerable sum in its new product range and needed to achieve a 30 per cent market share to get a reasonable return. "We would not think it disaster if it was 29.5 per cent but a key part of our strategy is the maintenance of that 30 per cent share."

It is essential for Ford to keep its grip on the fleet market—which according to some estimates gives it a 60 per cent of the business with fleets with over 25 vehicles—if the company is to keep sales at that high level.

Mr Thompson says: "We have to be smarter in our product presentation to the fleet market and, to begin with, listen to what the fleet owner really wants from us," indicating that Ford has no intention of resting on its laurels.

At one time it seemed that Austin Rover might be crushed between the two U.S. giants, Ford and GM. But last year it fought back with the help of the Maestro and improved its share of the total market from 17.5 to 18.6 per cent.

Conditions in the market, which last year reached a record 1.79m, some 15.3 per cent higher than 1982, favoured Austin Rover to some extent as the factors which boosted sales brought in private buyers rather than extra fleet business.

The ending of hire purchase restrictions, the introduction of the "A" prefix number plates in August as well as the near-hysterical promotional campaigns were all more likely to stimulate buying by private individuals than by companies.

As we can tell from their pronouncements, the battle between Ford and GM will intensify rather than decrease. Even so, Austin Rover still reckons it can improve its position in the fleet market.

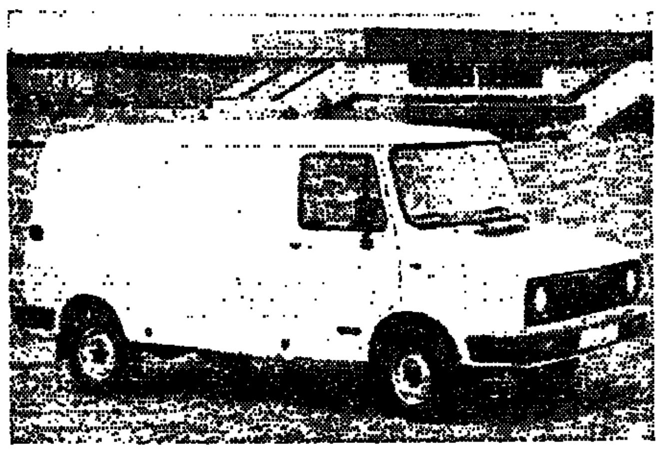
Mr Johnson says his company is looking for "progressive, profitable growth, nothing sensational. There is plenty of room for Ford, General Motors and us. We only want our fair share on a profitable basis, both for us and our dealers."

Kenneth Gooding

Hugh Routledge

Jeff Johnson: opportunities come from giving best service

Imports cut into UK commercials market



Freight Rover's Sherpa: boosted share of sector

THE FORD TRANSIT van, for many years the best-selling commercial vehicle in Britain, is under increasing pressure. The Transit has been on the scene for 17 years but scarcely shows its age and the fact that in 1983 more than 41,700 were registered gives testimony to the vehicle's resilience.

However, the pressure comes from a number of competing vehicles which have arrived on the UK van market in recent years. From the Continent there is the Fiat Daily, the Talbot Express and Renault Trafic/Master range. Most important for those fleets with a "buy British" policy, the revised Freight Rovers provide home-built competition to Ford's venerable vehicle.

The revival of BL's van manufacturing business is as remarkable as that of Jaguar's recovery in the car division.

In 1981 the group nearly killed off Freight Rover. Yet last year Freight Rover achieved record sales worth £75m and unit sales were 48 per cent up on the previous year at more than 14,200.

Wide-bodied

A heavily modified version of the old Sherpa, previously code-named K2, was launched in June 1982 and helped boost sales to record levels last year. Then wide-bodied versions of the Sherpa were introduced last autumn, representing the most important element in Freight Rover's £30m investment programme.

The larger vans take Freight Rover into the so-called PV3 sector (2.5 to 3.5 tonnes gross weight) where it previously has not been represented. The company reckons it can capture 15 per cent of the PV3 sector by selling 3,000 vans this year and ultimately hopes for 20 per cent and annual sales of about 5,400.

The smaller Sherpa boosted its share of the PV2 (up to 2.5 tonnes gross) van sector from 16.6 per cent in 1982 to 22.3 per cent last year—mainly at the expense of the Transit. In its wider form, the Sherpa will compete with General Motors' Bedford CF vans as well as the Transit.

Both Freight Rover and BL's volume car subsidiary Austin Rover have been given a considerable boost over the past three years by British Telecom which has been giving BL the major share of its van business.

Morris Ital vans and Sherpa vans are beginning to dominate the light end of the British Telecom fleet. BT ordered 2,000 Ital vans and 2,500 Sherpas in 1982 followed by 3,000 Itals last year. This year BT wants another 2,200 Sherpas and 2,790 Itals. Included in the orders for 1984 are 250 of the wider Sherpas in chassis cab form to which BT will fit its own bodies.

Taking the purpose-built van market as a whole (PV2 and PV3), sales in Britain last year jumped 16 per cent from 100,653 to 116,835.

Transit sales fell from 43,723 to 41,723—a stark illustration of the difficulties the Ford vehicle faces.

A new Transit would obviously help Ford recover lost ground. The company said recently it will spend £74m to turn the Transit van plant at Southampton into one of the most highly automated commercial vehicle facilities in Europe.

Replacement

The investment would be completed by the end of 1985, said Ford, thus giving a clear indication of when the Transit replacement will be launched.

The Transit is also produced at Ford's plant in Genk, Belgium. Ford insisted that output of the van would continue there, but so far there has been no announcement of further investment in the Genk facility.

Imports are playing an increasingly significant role in the purpose-built van market and last year they improved their position from 32.24 to 41.85 per cent of total sales.

Ford itself was the second-largest importer, behind Volkswagen, by bringing in from South Africa 7,439 Cortina-based P100 pick-up trucks. The Fords accounted for over half total pick-up sales within the medium van sector.

Volkswagen had a poor year with sales down from 9,030 to about 8,720 but its West German rival, Mercedes, as well as Renault and Mitsubishi from Japan, were among those companies to make large gains, as did Peugeot-Talbot with imports from France and Italy.

Bedford's medium van sales were down slightly in unit terms from 13,710 to 13,180 and the Japanese share of the sector was 13.4 per cent.

Last year Ford also lost ground in the car-derived van sector because sales of its Escort and Fiesta vans were virtually unchanged at 26,595 in a sector up by 20.27 per cent from about 71,070 to 85,480.

Once again BL's product-recovery programme was mainly responsible. The launch of the Metro van—which in essence replaced the rapidly ageing Mini van—gave Austin Rover much-improved fire power in this part of the market.

Austin Rover's registrations last year jumped by nearly 37.4 per cent—from 18,385 to 25,255—taking it close to Ford's level. Austin Rover's market share last year was 29.6 per cent and Ford's was 31.1 per cent.

Ford was also hit by the sharp rise in sales of Bedford's Astra-based van, sales of which shot up by 39.5 per cent to nearly 17,000 last year.

About 40 per cent of the Astra vans were diesel powered and Ford should be able to claw back sales once its car diesel engine comes to market later this year.

Ford also suffered from supply problems in 1983: first as a result of the "bent bracket vandalism" strike at the Escort plant at Halewood and later from a stoppage by drivers employed by an outside company to deliver vehicles from Halewood.

This year Ford will have the benefit of production for some months of diesel versions of the Fiesta and Escort vans but it will also have to cope with another petrol-driven competitor, a van version of Austin Rover's Maestro.

Compared with the van markets, sales of heavy trucks, those over 3.5 tonnes gross weight, have still to climb out of the worst recession since the war. Last year's registrations totalled 49,950 against nearly 80,000 in 1979.

Ford is feeling the competition from BL at the heavy end of the market too. Leyland, BL's truck business, stopped the steady erosion of its market share in 1983 to push back from 13.4 to 15 per cent. Ford's penetration slipped from 23.5 to 21.2 per cent.

Sales drop

Of the other UK-based manufacturers, General Motors' Bedford offshoot suffered a 4.7 per cent drop in sales to 6,175; Seddon Atkinson's were down by 10.5 per cent to 1,540 and ERF's by 8.2 per cent to 1,285. Karrier Motors (owned by Renault) increased sales by 3.6 per cent to 4,800, thanks to higher imports from France and Spain. Foden also increased sales, by 15 per cent to just over 600.

The biggest gains were made by importers. Mercedes increased registrations by 33.9 per cent to 4,885, while DAF, Iveco and Scania also made substantial gains. Volvo's sales were 13.9 per cent ahead at 3,910. However, within the total, sales from its Scottish plant were sharply down—from 1,835 to 1,280.

Overall import penetration in the heavy trucks sector rose to 31.7 per cent last year from 26.6 per cent.

The major heavy truck producers all complain about excessive competition in the UK market but the fact that no one company dominates means that there is no market leader to show the way back to more sensible conditions.

Mr Hans Tauscher, managing director of Mercedes-Benz (UK) is among those who have complained recently. "The hard bargains in the truck market are putting into jeopardy the existence of effective dealer networks," he says. "We need to revert to sensible trading conditions and this demands a degree of self-discipline from all concerned.

"I would suggest that (truck) operators would be well advised to do business with dealers who are prepared to put forward a keen quotation but refuse to trade on suicidal terms."

Kenneth Gooding

Layman's guide to business terms

A GREAT deal of confusion tends to surround some of the terms used in the acquisition and operation of business fleets. "Fleet management" and "leasing" are in themselves generic terms used loosely to cover a wide range of options and services which can differ markedly in character. Here, then, is a layman's glossary covering the most frequently encountered terms:

FINANCE LEASING: This entails long-term hire by a lessor company to a lessee, but in which the risks associated with the resale value of the vehicle are borne by the lessee.

In all leasing deals—including contract hire—ownership remains throughout with the lessor, and is not transferable to the lessee.

In all leasing deals—including contract hire—ownership throughout remains with the lessor, and is not transferable to the lessee. The lessee can benefit, however, from rebates on the lease if a higher than forecast residual value is obtained. Within finance leasing, there are three widely used options:

OPEN-ENDED LEASE: Usually runs for a period of years, typically three, but the lessee may exercise the option to cancel the agreement before it expires, subject to a usual minimum period of about 12 months.

This type of lease is regarded as having several benefits—that monthly payments are minimised through extending the lease period; there is flexibility for the lessee on when to close it; any cancellation fee can be paid out of the resale value of the car; and the lessee can still benefit from a good residual value.

BALLOON LEASE: This type of lease holds higher risks for the lessee, but allows lower monthly payments through part of the capital repayment being deferred until the end of the lease.

The lessor projects the residual value at the end of the lease, and calculates rental payments on the difference from initial purchase price. Interest is also paid within the rental on the residual value sum. The outstanding capital sum at the end of the lease—the "balloon"—is paid out of the sale proceeds.

If the envisaged residual value at the start of the lease is not realised, however, the lessee will have to find the difference. Equally, if it fetches more, the lessee pockets the balance.

FIXED TERM (Fully Amortised) LEASE: This is the most expensive of the three forms of finance leasing, at least in terms of monthly payments.

It is fixed term. The vehicle is fully amortised over the life of the lease, which may run up to five years, with rental payments covering purchase price plus interest on capital. At the end of the lease, the lessor—or the lessee as agent—sells the vehicle, with the lessee typically receiving 90-95 per cent of the amount realised as a rebate of rentals. The amount retained by the lessor represents a hidden form of interest charge.

OPERATING LEASE: Basically, this is another term for contract hire. Its essential difference from a finance lease is that it is the lessor who take the risks on residual values.

CONTRACT HIRE: Comes in two principal forms, maintenance contract hire, and vehicle contract hire:

Maintenance contract hire is the fastest-growing area of the business. Under such an agreement, the lessor provides the vehicle, maintains it, in many cases provides replacement cars during repairs, taxes it and increasingly will look after the insurance for it. The basic idea is to allow lessees to dispose of all the administrative and maintenance problems associated with running a fleet.

Depending on how cost-effectively a company manages operations "in-house," contract hire could be seen as an expensive alternative, but much survey evidence suggests that companies often have poor financial control over self-run fleets.

In vehicle contract hire, the vehicle only is supplied, with road tax, a provision for tyres and some other service items, and the service of a replacement vehicle in the event of a breakdown.

At the end of the lease the lessee simply returns the vehicle with no charges to pay or risks to bear. But the lessor imposes quite firm conditions relating to servicing and repairing being carried out properly—by the lessee—and allowable mileages.

FLEET MANAGEMENT: Strictly speaking, this term covers professional management of a company's own fleet by an "outside" specialist in the field. Such specialists, buying on behalf of clients thousands of cars each year, possess considerable leverage with manufacturers in terms of discounts.

The large management company will also be recognised as a single customer by dealers throughout the country, again giving it leverage on labour and replacement parts cost.

Substantial savings can result, the management companies argue, from advice on which models to buy, using databanks providing detailed cost of ownership figures; monitoring of maintenance and repair costs—again using the database—and whether they are justified, and other services such as disposal of the used fleet. They provide their services for a negotiated fee, providing clients with "actual cost" billings monthly.

John Griffiths

VEHICLE FLEET MANAGEMENT V

Doubts that costs are being effectively controlled

Perk cars geared closely to employees' status

THERE'S PROBABLY only one other country in the world apart from Britain where the car a man drives so accurately reflects his position in the corporate hierarchy: the Soviet Union.

In the USSR only top party officials are permitted to ride in the back of the huge Zils. You have to be a VIP to rate a Chaika.

Similarly, in Britain, if there is a new Jaguar parked in your drive you are almost certainly a chairman or managing director.

A Rover 3500 suggests you are on the Board. And you must be a very senior manager, possibly on the Board, to have a Granada 2.8.

Without wanting to take the comparison too far, you could say that, just as in the USSR, it is not possible to judge a person's income from the car they have been allocated — status, yes, salary, no.

These thoughts were prompted by the recent British Institute of Management's Business Car Survey* which made the key point: "At all management levels more companies are allocating cars on the grounds of status alone."

And in such companies "status is seen as being synonymous with an employee's position in the corporate hierachy."

Defined

Apparently companies find this method of allocation has three major recommendations. Administration is straightforward; a car is a tangible perk and a goal for more junior members of the organisation; and a defined threshold can be set and the size of the perk-car fleet controlled.

Of course, to use this method of allocation a company must have a formal ranking structure.

The BIM report and another from the Company Secretary's Review† published about the same time showed very clearly that the prolonged recession has by no means killed off or even damaged the "perk" car.

As the BIM report suggests, it might be expected that the recession and three million unemployed would have eased the necessity for companies to offer new cars to attract employees, especially at lower management levels.

However, research among the 229 BIM members who contributed to the study revealed that only 12 per cent were planning to reduce the number of cars allocated in 1983-84 compared with 13 per cent who expected to increase the total.

"The conclusion must be that company cars are a permanent fixture in many remuneration packages and are largely impervious to external factors," the report concludes from this evidence.

Efficient

What also emerges from both reports is that however carefully corporations might manage their prime operations, hardly any of them appear to be efficient in their approach to company cars.

The figures show how damaging this could be. There are more than 2.5m company cars on British roads operated by 189,000 companies. According to the BIM's investigations, half the companies employing more than 5,000 people spend more than £1m each a year on their company cars.

As might be expected, about three-quarters of the companies which answered the BIM's questions said they were "satisfied" that their control of company car fleet costs was effective.

Yet only 24 per cent kept detailed records from which individual car costs could be extracted. "Thus there is no facility among most organisations for comparing costs—which is essential to enable effective control," says the study.

A similar lackadaisical approach comes through clearly in the CSR report to which over 1,000 companies contributed. For example, nearly half the companies claimed they obtained no discount on the cars they bought—an absolutely unbelievable idea during the past couple of years when the average private buyer has been demanding a 10 per cent discount.

For companies admitting to getting discounts, CSR says 13 to 15 per cent was the average.

Most of the companies still put the initial cost of the car as the most important factor affecting their acquisition policy. Nine factors were mentioned by CSR respondents of which "reliability" came second and "type of car" third. Second from last on the list was "resale value."

It seems that in some companies it still has to sink in that by far the biggest element in the cost of owning a car is depreciation.

This almost wilful disregard for residual value showed up in other parts of the CSR study. For example, length of use rather than mileage was the most-used criterion for deciding on when a car should be changed. Two to four years have to pass before most companies shoot their used cars into the secondhand market.

And in the great majority of cases—91 per cent—neither those who lease nor those who buy cars offered any incentives to employees to look after their cars so as to maintain re-sale values.

You could put all this down to the fact that the organisations where the company secretary (rather than a genuine fleet manager) has responsibility for company cars would tend to be small.

However, the BIM study probably covers larger companies and it reveals that most of them manage their fleet operations internally. But, declares the BIM: "It is estimated that any organisation with at least 50 cars would enjoy benefits accruing from economies of scale available to a fleet management company which in turn are passed on to the user."

More choice

Both studies showed that the higher a person's position on the company ladder, the more choice they are allowed as far as their perk car is concerned. For example, the BIM found that 21 per cent of organisations had no restriction on the choice of car available to the chairman and managing director.

Of companies employing more than 10,000, 40 per cent permit a completely free choice to the chairman and managing director.

"Over the past few years the trend in many organisations has been to grant even greater choice to employees at all levels. This is perhaps best achieved by adding more vehicles to any list from which employees can made their choice," says the BIM.

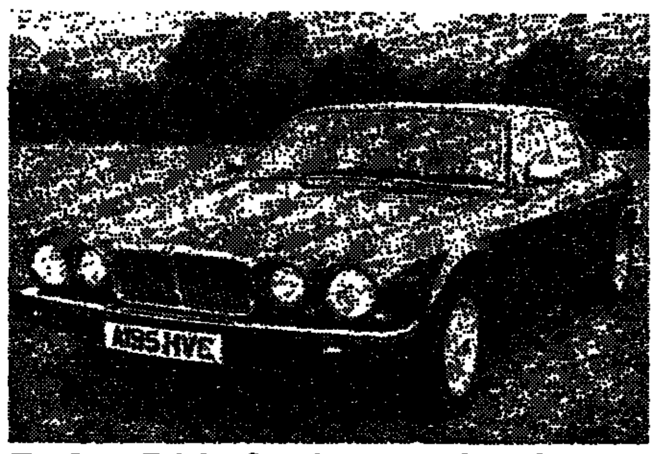
This is the BIM's list of the most popular cars at each status level:

Chairman—Daimler Sovereign 4.2.
Managing director/chief executive—Rover 3500.
Directors—Rover 3500.
Senior management — Ford Granada 2.3 L/GL.
Middle management—Ford Cortina/Sierra 1.6 L/GL.
Junior management—Ford Cortina/Sierra 1.6L/GL.
Sales force — Ford Cortina/Sierra 1.6L/GL.
Service engineers—Ford Escort 1.3L/GL/Estate.

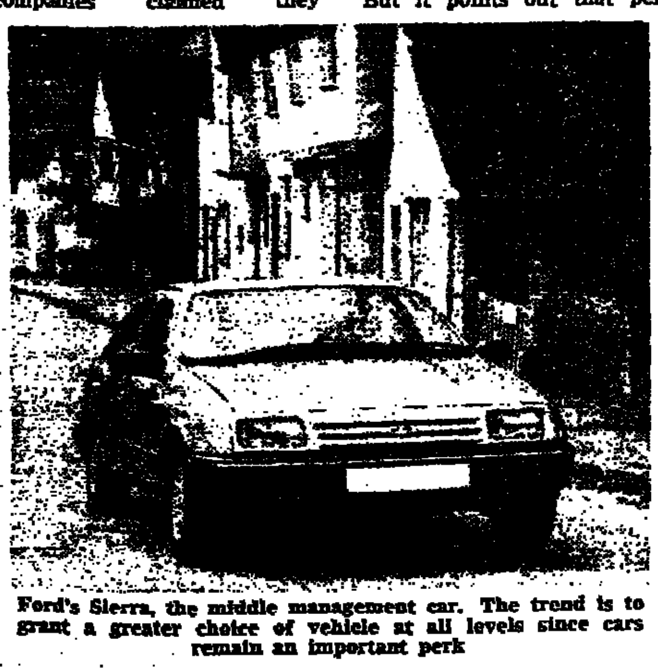
The research did show that some companies were looking for ways of reducing fleet costs. While cutting out perk cars completely was considered impractical, many companies have begun to allocate less expensive models.

"In many cases this has meant downgrading cars, particularly at senior, middle and junior levels, by moving from Ghia to GL or L versions of the same car, or by reducing the engine capacity of the models already allocated. Other companies have switched from one manufacturer to another to achieve cost savings," the study reports.

But it points out that persuading employees to accept what in their eyes is a lower-status car "can be a difficult task which often requires tactful handling."



The Jaguar/Daimler Sovereign: a top choice for many company chairmen.



Ford's Sierra, the middle management car. The trend is to grant a greater choice of vehicle at all levels since cars remain an important perk

"Company Secretary's Review survey of company car schemes" from Tolly Publishing 209 High Street, Croydon, Surrey, CRO IQR £27.

† "Business Car Survey" by the BIM from Professional Publishing, 27 Charing Cross Road, London WC2H OLR. Price £30.

Kenneth Gooding

A fluctuating market makes it essential for the would-be lessee to compare rates, **David Freud** reports

Financing: leasing adapted to provide flexibility

FINANCING METHODS in the car and commercial vehicle fleet business have changed rapidly over the past decade, with the emphasis on cost-efficient packages that tailor the rate of pay-out to the rate of return from the vehicles.

In the early 1970s the typical vehicle was purchased outright, often on money borrowed, short or long, from the banks, or obtained through a hire-purchase agreement.

But from the mid-1970s the leasing boom took off, whereby purchasers of vehicles took advantage of tax rules to reduce the costs of a fleet. Since then, basic leasing practice has been adapted significantly to provide a range of payment and service arrangements.

In the case of cars, the initial push towards leasing was all the stronger because there were different tax rules on leasing a car or buying it outright which were heavily biased in favour of the former.

The past couple of years have seen a marked shift to contract hire, in which a specialist lessor offers an all-in maintenance, service and often takes on all the risk of disposing of a vehicle after use.

As more companies claw back their way to profitability, however, they will be examining closely whether it is more efficient to use their own tax allowances rather than lease.

This outcome of that examination will depend critically on the state of the leasing market at any one time. It is, in fact, very hard to find what lease rates are doing, and the aspiring lessee must do his own homework in collecting competing quotes.

Signs

Earlier last autumn there were signs that demand was significantly outstripping supply, and lease rates, which in late 1981 were running in a range as low as half the level of interest rates, were only two or three percentage points below the finance house rate.

Since then the market has tightened up significantly, possibly in part because one very big deal by Lloyds Bank for an oil rig fell apart and Lloyds had to move back into the market very aggressively to compete for business. So the current period is again very favourable as far as becoming a lessee is concerned.

The UK still has a long way to go to catch up with the U.S., where it is estimated that up to 80 per cent of company fleets are non-self financed. But the proportion in the UK is growing steadily, and leasing and contract hire may account for something like a quarter of the total.

For profitable companies outright purchase can make up a great deal of sense to the point where they have used up their own capital allowances. Commercial vehicles qualify for 100 per cent first year allowances.

Cars, by contrast, only qualify for a 25 per cent allowance (with the exception of those bought by a company like Avis for hiring out, when the 100 per cent allowance still applies).

While other considerations are now coming into the picture, the original popularity of leasing was based on the tax system, which after 1972 allowed buyers of assets to claim 100 per cent relief in the year of purchase.

Businesses such as banks, which would normally not buy anything like sufficient assets to match profits for their own use, soon began to buy assets and pass them over for the use of manufacturers and others through a leasing agreement.

In practice this meant that the investment incentive was shared, through the rates, between the lessor who was deferring his tax liability until he has to pay tax on his rental income (which he could use to finance further leasing deals) and the lessee for whom the rental would be much less than the interest rate burden of buying outright.

The growth rate for all leased assets is indicated by the figures of the Equipment Leasing Association, whose membership is dominated by the big banks and which claims to account for up to 90 per cent of the market (although a proportion of their deals will be to specialist lessors who will lease the assets on to end users).

In 19/1 ELA leasing was £159m, in 1975 £340m, in 1978 £1.2bn and after a dip in 1981 leasing in the UK hit £2.7bn in 1982 with a further good gain expected for 1983.

Commercial vehicle leasing has grown broadly in line with the general market, reaching a total of £225m in 1979. It fell back again to this level in 1981 as the recession bit hard, and moved on to new high ground in 1982, when total new leasing reached £320m.

Leasing and contract hire may account for a quarter of the financing of company fleets.

Decisions

Car leasing was originally slower to get off the ground, and the subsequent story has been more dramatic. The way was cleared by two decisions of the special commissioners for taxation in 1975, which ruled that cars could be treated in the same way as other equipment.

Combined with looser credit controls in July 1977, car leasing took off. From £6m in 1976, the ELA figure rose to £468m in 1979. This proved the peak, since the Government acted to remove the anomaly whereby a leased car enjoyed a 100 per cent allowance and one bought outright only 25 per cent.

In fact it took two budgets to remove the anomaly completely—in 1979 and 1980 — after which car leasing seems to have stabilised at about £250m a year.

The advantages of leasing are not purely taxed based. One of the original attractions was that capital items could be purchased off balance sheet. Neither the items, nor the associated contingent liability of paying rental appears on the balance sheet, so a company can appear less geared than it otherwise might.

However, this state of affairs is unlikely to persist for long, since a new accounting standard is likely to lay down that leased assets are put back on both sides of the balance sheet.

This prospect may tarnish the attractions of the pure finance lease, in which the lessor recovers the bulk of his costs in rental. However, it may have done something to boost the operating lease, in which the lessor—generally a market specialist—takes more risk in terms of the residual value of the asset after its primary use.

Another key advantage of leasing is in terms of cash flow. Many companies do not have substantial cash resources to tie up in the lump sum purchase of a fleet, and generally the outright acquisition of a fleet and its replacement is a lumpy process. By leasing, the cost can be spread on a monthly basis over the life of the vehicle.

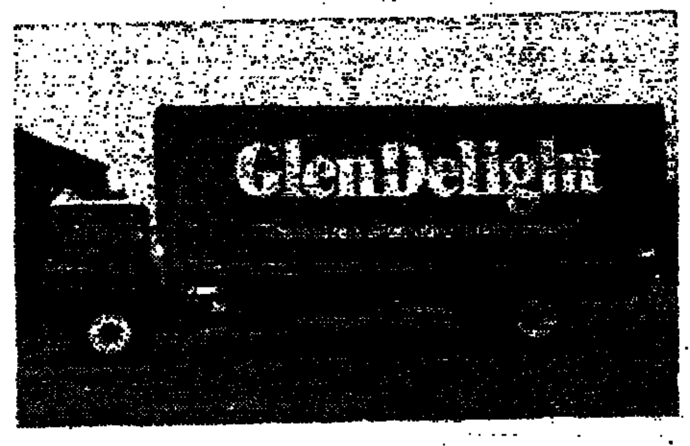
One form of finance leasing that has been growing in popularity has been the balloon *lease, whereby the rental is* tailored closely to the depreciation of the car over the period of use. So over a two-year period, for instance, the payment may work out at about 50 per cent of the full cost, with the second 50 per cent payable at the end of the period, when the car is to be sold and should raise roughly the required amount.

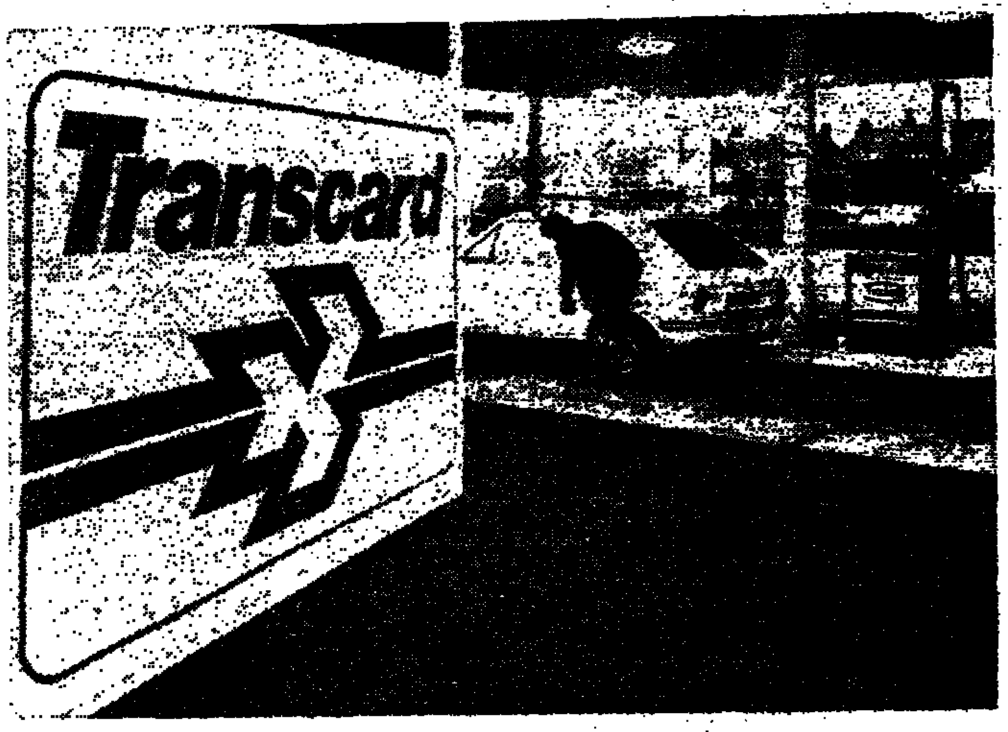
In the past couple of years this form of leasing has somewhat lost its lustre with the collapse in the second-hand car market, but in recent months second-hand prices have perked up again, and with it, possibly, the attractions of the balloon lease.

Nevertheless, it is estimated that about half of lease deals are now contract hire agreements, a more comprehensive form of leasing. The attractions are firstly that the specialist lessor can usually buy at a greater discount than all but the biggest of companies. At the same time the lessor maintains, insures and disposes of the vehicle. This saves scarce management resources.

Typically under contract hire the monthly rate will be fixed—which means that the fleet is not necessarily obtained at the lowest possible cost. But it is the lessor that takes on the market risk of disposing of the vehicle; and in recent years several have taken significant losses as the second-hand market has moved against them.

Joining the CPC(UK) fleet is this Bedford TL 1630 curtain-sider, supplied by Wincanton to provide wholesale and retail deliveries of goods from CPC's Perivale, London, depot. Under the five-year contract-hire agreement CPC pays a fixed monthly charge, plus insurance and fuel, while Wincanton covers all other running costs including administration, and maintenance.





A relatively recent introduction to the services offered by companies specialising in contract hire leasing and fleet management is the type of payment card shown above, which can be used by drivers nationally to pay for fuel and other services. Transcard is operated by British Road Services, part of the National Freight Corporation. The Texaco service station chain became the latest concern to operate the Transcard facility at the start of this year.

One of the earliest, and most successful, operators in this field was Dial Contracts, possibly the largest car contract hire concern in the UK, with a fleet approaching 20,000 vehicles. It now has just under 200 companies using its *Dialcard*.

Diesels start to show their attractions

DIESEL CARS can use considerably less fuel than those with petrol engines. They have a longer working life, burn cheaper fuel, are more reliable and cost less to maintain. Why, then, have fleet operators in Britain been reluctant to go over to diesel?

It is a long and involved story. One important factor is that fleet managers predominantly buy British—and until very recently there was no such thing as a British diesel car.

In the early 1970s, diesels were far less attractive than petrol cars to drive. They were slow, noisy and often rough. Petrol pre-1973 was still fairly cheap. Fleet managers saw little point in meddling with an unknown quantity that in all probability would be unacceptable to the people who were expected to drive them.

Since that time the change in diesel cars has been dramatic. They have undergone a civilising process. They start and stop on the "ignition" key, just like any other car. Apart from a grumbling tickover, they perform much as a petrol-engined car does. On the motorway, even an experienced ear finds it difficult to detect whether a car is running on four-star or Derv fuel.

And there are British diesel cars now, or at least those with British-sounding names. Ford, Rover and Vauxhall all offer diesel cars, though at present the Fords use French-made Peugeot engines and Rover buys-in its turbo-diesel from VM of Italy. In all, 12 makes of diesel car are now in British showrooms comprising 20 different models with 52 variations in body style and trim level. This total, which does not include light 4x4 vehicles, will increase considerably this year as new diesel cars, available in mainland European markets, come to Britain.

Decision

An even more important factor in the diesel's growth in popularity will be Ford's decision to manufacture its own 1.6-litre engine in Britain. The Fiesta, Escort and Orion will be offered with this engine in the near future. Diesel penetration of business car fleets, given Ford's traditional strength within it, must go up sharply.

It has been growing fast, in any case, though from an admittedly very low base. As recently as 1977 only 2,600 diesel cars were sold in Britain. The figure climbed to 5,800 in 1980, 9,700 in 1981, and to 14,500 in 1982. In the first 11 months of 1983 nearly 23,480 diesel cars were sold in Britain. With Ford's entry into the arena imminent, plus the recent availability of some exceptionally attractive European diesels such as the Peugeot 205GRD, a forecast of nearly 50,000 registrations this year does not look over-optimistic.

Fuel cost-per-mile comparisons between petrol and diesel cars are not easy to quantify because retail prices of Derv fuel have fluctuated considerably in the past year. While the petrol price war was on, 4-star, due to massive price support, could be bought more cheaply than diesel, despite its 12p-per-gallon lower rate of excise duty.

Exaggerated

The situation has changed lately. In most places 4-star is about £1.83 per gallon and diesel anything from £1.60 to £1.70. No longer are the pumps tucked away in filthy corners at filling stations. One retail site in three now has diesel, usually with the pump located among those dispensing petrol. Users are finding that the alleged horrors of tanking-up a diesel car at a self-service site have been much exaggerated.

By far the largest company to decide as a matter of policy to convert its entire fleet to diesel is Scottish and Newcastle Breweries. A four-year programme began in May 1980 and now only a handful of the 1,360-strong fleet of cars and estates are petrol-engined, and they will have been phased out in a few months.

Distribution director Ray Stark persuaded his board that savings of at least £500,000 a year would be realised once the entire fleet had been converted to diesel. He based his calculations partly on fuel economy but also on the diesel engine's durability and ease of maintenance. And he reckoned, too, that the mainland European cars he would be buying had better corrosion protection than many British "fleet" cars of that time.

A longer working life was built-into his reckoning though residual values were not considered too important. "By the time we have finished with a fleet car we reckon it's not worth very much anyway. Provided we can get book value we are happy," is how Mr Stark puts it.

With several months still to go, the £500,000 a year savings have been realised and the cost-cutting curve is still climbing. Fuel savings have worked out at between 30 per cent and 50 per cent over comparable petrol-engined cars. Maintenance costs are at least 30 per cent lower. "The reason is simple," Mr Stark says. "We find that diesel cars don't very often go wrong."

Supervisors

The S & N fleet is mixed, but everyone from the chairman downwards has a diesel. Board members have a choice of Mercedes 300D and TD, Rover 2400td, Volvo 760, Audi 100 and Citroen Safari turbo-diesels. Senior managers may get Audi 80 turbo diesels, Peugeot 505 saloons or estates. Area sales managers are allocated cars like the Renault 18GTD or VW Passat and some supervisors are now getting the new Peugeot 205GRD. Representatives have a choice of VW Jetta or Vauxhall Cavalier and the pool cars are Talbot Horizons.

Just about every diesel car available in Britain—and one or two that are not yet on sale—has been evaluated by S & N. Ray Stark has a particularly high regard for the VW Jetta—"our fleet average consumption with them is 55 mpg"—and he praises the continental makers generally for their co-operative attitude. "They take our requirements into consideration to a greater extent than British manufacturers have done," he says. "The UK firms seem to think they know best. Our experience tells us that in the diesel car field, they have a lot still to learn."

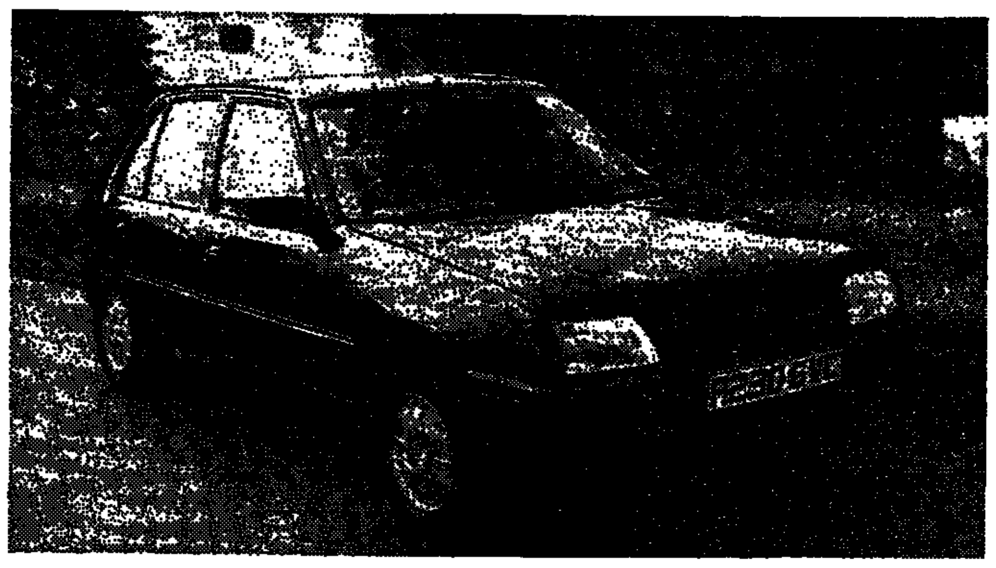
Due to the diesels' durability and longevity, S & N has not yet sold many of its diesel fleet but has been pleased with the prices realised at auction. "We have just disposed of a couple of VW Golfs with about 100,000 miles on the clock and they made premium prices," Ray Stark says.

When the conversion programme started in 1980, S & N calculated that it might have to pay an average £800 more per car than it would if it had stayed with petrol engines. That did not happen. Mainland European cars did not go up in price as steeply as British cars during the period of high inflation. S & N finds it has actually made capital savings by dieselising its fleet.

Considerable effort was made to ensure that personnel at all levels knew why the company was turning to diesels and what the effect would be. "Some of the representatives were allocated their diesel cars shortly before going on holiday. Word soon got around about how little fuel they had had to buy while they were away with their families," said Ray Stark.

"The conversion programme has gone down very well with the staff. I would say that 99 per cent of them are perfectly happy with their diesels. They know that money saved on our car fleet can be spent on making the company more efficient and that must be in their interests."

Stuart Marshall



Going diesel: Ford's Fiesta (top) is to be offered with the 1.6 litre Ford engine. Above: the Peugeot 205GRD

Wide choice of cars

CONTINUED FROM PAGE 1

that there are still a lot of "myths and myopias" surrounding the compay car. Bellini himself, a former member of the Hudson Institute "think tank," said "the level of ignorance afflicting fleet operations in most British companies must translate into the most frightening financial leakages."

He pinpointed two particular problem areas:

The traditional view held by many companies that they should own and manage their fleets as an integral part of their business, assuming in the process that they could do so cost-effectively;

and the situation where, even if the executive responsible for fleet operations knows that cost-savings can be made, whether through contract hire or some other specialist service, he is unlikely to take any action which could decrease the influence of his own or department's role within the company.

Packages

The provision of specialist services is starting to extend well beyond the company car fleet. An increasing number of service companies are offering contract hire and leasing in the commercial vehicles field.

Among the more recent entrants to the field is Karrier Motors, now controlled by Renault Vehicules Industriels, which launched a truck leasing scheme at the beginning of the year.

The same trend has been occurring in the field of distribution, with a whole range of tailor-made packages being offered to suit a particular company's needs. It has produced intense competition among transport operators, who themselves have been heavily hit by the recession.

Making the right decisions, whether to retain in-house operations, or to move into the fold of the specialist companies, has become a highly complex process. It has not been made any easier by the fact that company cars have been extended much further down into middle-management levels than a few years ago. But although this trend has slowed recently, there is little evidence to suggest, says Mr Brian Mahoney, Austin Rover's UK sales director, that the company car is any the less regarded as an employee benefit.

The car manufacturers' heavy dependence on fleet buyers in the UK also makes it less likely that the government will resume its attack on the sector, after early election promises that it would seek to eliminate business "perks," of which the company car is the prime example.

Cost-effective

So when the Chancellor Mr Nigel Lawson rises to his feet next month to deliver his Budget few in the industry are expecting any radical measures against the company car— except possibly a further though not dramatic increase in its assessed benefit to the employee.

The increase has been 20 per cent for the past several years. But by any measure it remains highly cost-effective for both company and employee. At the high levels of remuneration and in the £20,000-plus car price brackets an employee or board member would need as much as three times the amount at pre-tax level to cover the cost of buying and running a car as it costs for the company to provide it when allowances are taken into account.

Lorne Barling examines the transport needs of three very different companies in the Midlands

Computers play a bigger role in trimming costs

AMCROSS

When speed is essential

FOR NEWLY-FORMED small companies, particularly those in high technology fields, the acquisition of cars is not only a necessity but often a high-cost item at a time when capital *requirements* are at a peak.

In addition, such companies often have directors or employ staff who will be doing high mileages and therefore prefer to have cars which are better than the average fleet car in terms of performance and styling.

A typical company of this kind is Amcross of Cirencester, Gloucestershire, a computer specialist dealing with business systems and hardware which was *formed in June last year.* The company's success so far has been based partly on its ability to offer fast computer maintenance, and reliable transport was regarded as essential.

Mr Alasdair Malpass, who formed Amcross, said he had to bear in mind, when deciding how best to acquire three cars for himself and his staff, that they would each be doing between 20,000 and 30,000 miles a year.

In addition, he did not want to tie up his limited capital in the outright purchase of cars because it was needed for other purposes, and therefore went the route of many other small companies by making out a lease-purchase contract.

This provided the benefits of leasing and the fixed costs it offered, while also allowing Amcross to claim the capital allowances on a purchase. "On a £6,000 car, lease purchase was about £20 a month more expensive than direct leasing, but worthwhile for tax benefits," he said.

He believed there was also an advantage in owning the car at the end of the lease period, since he believed it was difficult to achieve the residual value on a *straight* leasing *contract,* although this was easier on standard fleet cars.

Amcross decided to buy two Volkswagen Passats for staff and the saloon version, the Santana, for Mr Malpass, through a finance deal offered by Lombard North Central. The prices were about £6,200 and £8,600 respectively.

Reliability

"We chose the cars because we liked them, and there is evidence that people look after a car more carefully for that reason. I *was* also looking for reliability, which is not always very good on standard fleet cars," he added.

He also believed that fuel consumption was a vital factor, in view of the mileages that were expected, and suggested that consumption of the cars chosen was better than that of many fleet cars of their size. He envisaged running the cars for their full lease periods.

However, in one respect at *least his judgment* proved incorrect. The Santana had to have a new engine at 4,000 miles after a valve problem developed, but this was done at *no cost under guarantee and* a replacement car was provided by the dealer while it was off the road.

"Most people working for small companies go for better cars because they have usually worked for larger concerns and *want something which is a step* up from the fleet car they have been driving," he said.

Amcross is also involved in the supply of micro-computers and the software required for various aspects of the motor trade and vehicle fleet management.

"There is an increasing need for companies to know more about the running of their internal transport fleets, and computer systems can go a long way in helping to achieve this," he said.

A wide variety of software for this purpose was now available and could be used on most well-known micro-computers. There was also an increasing number of systems designed for vehicle dealers, including *those* which dealt with the storage of details on parts.

R. M. DOUGLAS

Why contract hire proved best

THE car fleet requirements of construction companies are generally high both in terms of numbers and in wear and tear, owing to the often arduous use the cars are put to on site and around the country.

The R.M. Douglas group of companies, based in the West Midlands, believes the best solution to this problem is contract hire and for the past 15 years has used this method of providing cars for its employees.

At present it has a mixed *fleet of 550 cars, supplied by* four different contract hire companies, used by employees ranging from senior management to site agents.

Responsibility for managing this fleet belongs to Mr Bill Whatley, who also handles the group's vehicle *insurance, valued at about* £900,000 a year. By coincidence the cost of the contract hire for the car fleet is about the same amount.

The job was carried out by non-managerial staff until about four years ago, Mr Whatley says, but it is now regarded as more important because of the larger sums involved and the need to contain costs wherever possible.

Stable prices

This has been achieved recently with the help of a highly-competitive contract hire market, in which prices have been stable for a long period. Charges to the Douglas group are made monthly and fixed over the contract hire period, assisting in financial planning.

Although the group is heavily diversified through its range of subsidiary companies, transport is still dealt *with centrally and the benefits* of greater volume gained.

Mr Whatley said that the company now uses about 120 different types of cars supplied by the contract hire companies, giving employees a wide range of choice within three engine size groups, depending on seniority.

"We feel it is an advantage to be able to offer this choice, since it is better to drive the kind of car you like. By using four contract hire companies, we also benefit from the competition between them."

Since the Douglas group operates a large fleet of its own commercial vehicles, it has extensive servicing facilities and uses them to service a small proportion of cars, providing additional benefits.

Mr Whatley believes that in the currently highly-competitive car market, residual car values are going down and it is therefore an advantage *not to have the problem of* disposing of secondhand vehicles.

"We pay a monthly fee on each car used by the company, giving us the ability to forecast the cost, and we have a *computer system* which tells us all we need to know about each vehicle, such as its location and other details."

The company recently introduced a new system to deal with payments for petrol, based on reimbursement to the user on the basis of expected miles per gallon on each particular car. The system also takes into account how the car is used, making allowance for low mileages clocked up by some employees, and high mileage by others.

Overall, the system provides the company with the ability to exercise fairly tight control over a large fleet of cars which is scattered over most parts of the country, at the same time saving large sums in capital expenditure.

BOOTS

Tackling seasonal peaks

Hugh Routledge

John Cartwright, redistribution transport manager (left) and Alan Ripley, Director of Warehousing and Redistribution. Computers and better staff help to keep down costs

BOOTS OF NOTTINGHAM, as a major user of cars and commercial vehicles for its sales and distribution activities, has progressively improved the management techniques and quality of staff dealing with its transport fleet.

The company operates a total of 147 commercial vehicles, ranging in size up to 38 tonnes, and has about 680 cars for its staff, including directors, who need them for business purposes.

On the commercial side, Boots has a substantial transport requirement, not only to supply its hundreds of retail outlets but for inter-warehouse transport, for which its larger vehicles are mainly required.

Boots' distribution centre at Beeston, Nottingham, is one of the *largest* in the country and all forms of company transport are managed by a team headed by Mr Alan Ripley, director of warehousing and distribution.

He points out that all of Boots' vehicles are owned by the company, a policy which has been in force for some years, but adds that the advantages over leasing and other forms of vehicle ownership are no longer as great as they used to be.

Competition

"There is increasing competition for the use of the capital employed in vehicle ownership, and I have to argue the case with other directors who suggest that the capital would be better employed elsewhere," he said.

Boots, being a retail organisation, had the advantage of not suffering from liquidity problems and was therefore well placed to take advantage of competitive vehicle prices, he said.

Nevertheless, commercial vehicle *and* car prices were rising in spite of the competitiveness of the market, and this was causing some concern. Vehicles were generally replaced every three to four years.

While Boots' commercial fleet is normally large enough to deal with the volume of goods during *normal periods of trading,* it was necessary to "top up" with rented commercial vehicles during the run up to Christmas, which normally lasted from August to November.

"This is the most efficient way of dealing with seasonal peaks in demand and we shop around for the best rental prices," Mr Ripley said.

Sophisticated

Overall, Boots pursues a policy of buying British vehicles, which presents no problems on lorries and vans, but tends to be regarded as restrictive as far as cars are concerned. At present the company has a fleet of about 500 Ford cars and a diminishing number of BL cars.

On the overall management of the company fleet, Mr Ripley said that the increasing cost of vehicle operation, in conjunction with the new complexities of legislation and monitoring vehicle use, had created the need for a more sophisticated approach.

This had been assisted by the introduction of computers for a number of purposes, including route planning, and by the appointment of higher-calibre management staff. "We now employ a rising number of graduates each year, either from outside the company or internally," he said.

"The effects of inflation on transport costs have been extremely high in recent years, and we are dealing with multi-million-pound costs. This is one of the problems of British industry which has been sadly neglected and needs a lot more attention."

Like other companies, Boots is increasingly concerned at the restrictions which are now being placed on lorry movements, particularly those proposed by the Greater London Council. Mr Ripley said the company had submitted its view to the GLC, in the hope of making some of the practical problems clear.

Model shown: 1.6 HLS at £5,871 with optional alloy wheels at extra cost.

Austin Rover has never been slow to point out that the in-built technology of Maestro offers fleet operators real savings. Especially when the range starts at a price of just £4,750.

A message reinforced by Fleet News in their cost of ownership tables which show that Maestro delivers the lowest running costs in its class. A direct result of the high level of technology built into this great fleet car.

Under the bonnet, you have the choice of 1.3 or 1.6 litre power units, beautifully balanced with micro-processor controlled Electronic Engine Management,① maintaining optimum performance at all times.

12,000 mile service intervals,② and excellent engine bay accessibility – a virtue of Maestro's side-mounted gearbox – help to reduce running costs still further.

Outside, the aerodynamic shape and flush glazing, along with low-rolling resistance tyres, give Maestro outstanding fuel economy. Up to 60.5 mpg at a constant 56 mph with the HLE model.③

Inside, Maestro's advanced design gives superb inner space and all-round visibility, and a degree of comfort that makes it a real pleasure to drive.

Every Maestro in the eight car range comes with all the back-up customer care that you'd expect from Austin Rover.

Including our Supershield six year corrosion warranty, Supercover parts and labour guarantee for twelve months, and the optional Supersure insurance for the second and third years.

The Austin Maestro. Low running costs, competitive prices, high technology. What other car offers you so much of tomorrow by paying so little today?

THE HIGHLY ADVANCED
—AUSTIN MAESTRO—
—DRIVING IS BELIEVING.—

Fleet News cost of ownership tables are for Maestro 1.3 L. ①All models except MG 1600. ②Or one full year, whichever comes first (manual models only). ③D.O.T. figures; Maestro 1.3 HLE Simulated Urban Cycle 43.0 mpg/6.6 L per 100 km; Constant 56 mph 60.5 mpg/4.7 L per 100 km; Constant 75 mph 41.5 mpg/6.8 L per 100 km. Price quoted is for the Maestro 1.3, correct at time of going to press, excluding number plates and delivery.

John Griffiths takes a look at a cross section of some of the leading car contract hire and leasing companies

PROF E: LEX

Strong growth maintained

THE CONTRACT hire business has grown rather faster than was being predicted two years ago, according to Mr Steven Poster, managing director of Lex Vehicle Leasing.

Mr Poster reckons his company, jointly owned by the Lombard North Central finance house and Lex Service, the vehicles group, to be among the growth leaders.

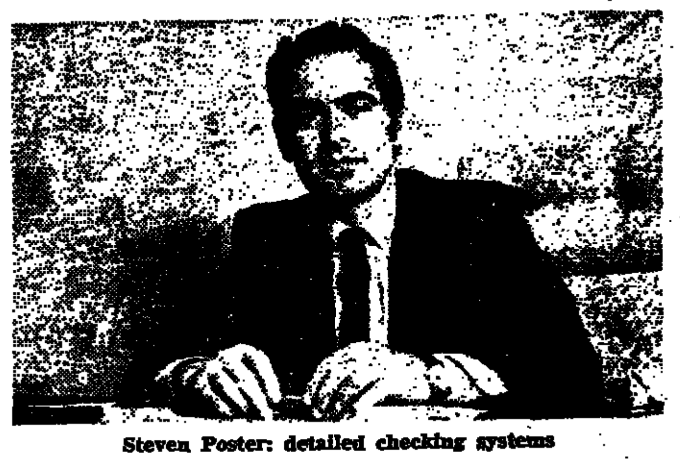
Not without reason. In the 24 months ending last September, the Lex contract hire fleet grew in unit terms by 112 per cent to 8,200. A further 1,000 vehicles were added in the final quarter of last year. For 1983 overall, the increase was about 50 per cent over the previous year; so the growth has been a sustained one, even through the recession, rather than the result of the recent improvement in the economic climate.

The business was good enough to provide Lex with a pre-tax profit last year of just under £2m. A further improvement is expected this year, on the basis that Lex's fleet will grow by another 30 per cent. However, this seeming slowdown compared with 1983 is more a reflection of the conservative approach taken by Lex towards its forecasting rather than any serious expectation of a reduction in the rate of growth.

Certainly, there is plenty of room for increased penetration of the business car market, since even on the most optimistic estimates well under one in five fleet or company cars fall within the contract hire/leasing/fleet management net.

Three factors

Mr Poster attributes the Lex growth to three principal factors. First, it has made considerable efforts to widen general awareness of its and contract hire's existence. Apart from conventional marketing and promotional exercises, one highly effective method was its commissioning about three years ago of the market research concern Makrotest to undertake a survey of the entire fleet business: how vehicles were acquired, run and disposed of by a wide array of companies.



Steven Poster: detailed checking systems

The result was a very widely quoted document which, among other things, highlighted the fact that very often companies applied nothing like the level of expertise to run their vehicle fleets as they did to run their mainstream businesses.

Second, Mr Poster says he believes that the market itself has grown, as companies have taken an increasingly critical look at their vehicle policies, particularly in cases where cash flow has been reduced by recession and there is reluctance to commit much-needed capital to a new round of outright purchase of replacement vehicles.

Third, since the contract hire boom is a relatively new one, Mr Poster says that only now is replacement business from existing clients starting to have a significant impact. Lex's renewal rate on contracts has almost doubled, from 30 per cent to 60 per cent of total business.

He quotes as an example the advertising agency J. Walter Thompson. "Three years ago we had just the one JWT car on contract hire: now we've got nearly 100 per cent of the fleet."

Nevertheless, building the business does take care and time, says Mr Poster. But he suggests that the "ignorance factor" among fleet users — as shown up in the Makrotest research findings — is a lot less than it was.

In the early days, he points out, "privately we fell about laughing at some of the doubts thrown up by potential clients". Now, he maintains, once having acquired a customer, "we lose relatively few — and usually for the wrong reasons".

Mr Poster does not expect radical changes in the type or range of services offered by the leading contract hirers in the near future. The past two years have seen the introduction of a whole range of additional services such as insurance schemes and fuel cards. What he does expect to see is a continuing improvement in the efficiency with which existing services are administered.

Irritant

One area in the general field of contract hire, he suggests, is still an irritant for contract hire clients: that relating to charges for excess mileage at the end of a hire period. Apart from finding an acceptable solution to that, Mr Poster suggests "the industry is still waiting for the breakthrough" in terms of devising any new services to be offered. "No-one's yet thought of the Coca-Cola of contract hire", he suggests.

That, however, seems to be a pessimistic view: contract hire with its full-maintenance and associated services already seems, to an outside observer, to provide virtually everything except a driver.

While expansion of the fleet undertaken by Lex in the past two years could of itself create capital cost problems for many contract hirers, Lex regards itself as fortunate in being part of a finance house, "so the acquisition problems don't exist."

3,500 outlets

Its growth means that it now has access to nearly 3,500 service outlets in the country—all franchised and the majority on some form of computer link with Lex Vehicle Leasing headquarters at Beaconsfield, Bucks, while service on an individual vehicle is pre-authorised up to £40. Lex also runs some surprisingly basic checks with each vehicle—"not least," says Mr Poster, "that it's our car."

Then follow checks as to whether it is in warranty and, in the case of regular replacement parts such as tyres, exhausts and batteries, if such an item is said to need replacing whether it has been fitted with one recently.

"Such items are always a rip-off element with the garage trade," he says. But the detailed checking systems have removed virtually all the "rogue" garages from the system. "There are only about 20 garages that we actually steer customers away from now."

Last year's record new car market, the presence of heavy discounting and a flood of trade-in vehicles means, he says, that contract hire rates are likely to go up by slightly more than new car price inflation, because of the predicted fall in residual values.

However, competition among car makers, the threat of a 12.5 per cent maximum allowable price variation on new cars within the EEC and—if sterling strengthens further — the re-opening of parallel import floodgates in the meantime, should mean that new car price inflation itself this year should be very low, Mr Poster points out.

The competition will also be strengthened, he stresses, by the arrival of Austin Rover's LM11 in the mainstream fleet market. "It really will have an impact," he suggests. "It will upset the Cavalier/Sierra balance."

VEHICLE FLEET MANAGEMENT XI

PROFILE: HERON DRIVE

Task is to identify requirements

SHE IS BLONDE; a steely glint comes often into her eyes when making a point; and she is not at all averse to lecturing industry on its perceived shortcomings, publicly and to its face.

Her headquarters, however, are not in Whitehall but in north London. Mrs Jean Denton is managing director of Herondrive, the Heron Corporation's fleet leasing and management division which celebrated its first birthday towards the end of last year. Previously, for some 25 years, it had been known as Heron Fleets and Leasing.

Heron currently operates a fleet of about 4,000 vehicles—a figure which Mrs Denton expects to grow by about 10 per cent this year, with virtually all the expansion coming in the form of contract hire.

Mrs Denton used her company's birthday celebrations last year to lecture to 170 motor trade and industry guests and customers on what she sees as the prime destabilising influence in the current fleet management scene: the heavy discounting and incentives on new cars being offered by dealers and manufacturers.

Warning about its adverse long-term effects, she declared: "We are a service industry. Service is about people and quality. If we continue for much longer to talk only discounts, the greatest sufferer will be the customer,

"I believe the industry is self-destructing on a price trigger. Nobody can survive without profits and no growth can be funded.

"Company cars are a long-term cycle. If we are not here to look after you during that life cycle then the front end discount you obtained becomes irrelevant. That is not a threat, it is a warning."

In setting out Herondrive's policy, she maintains that it is to "identify customers' requirements, then satisfy them—be it direct purchase, contract hire or leasing."

Like other companies operating in the same field, Herondrive's view, however, is that often customers themselves don't really know what they want, or at least have not really examined in detail the effectiveness of the decisions they have already made.

Jean Denton: last year's decisions are not necessarily right this year

Manufacturers, she points out, have spent a lot of money recently to promote their models—"but their reasons for wanting to sell are not necessarily the same as customers' for wanting to buy. It is well worth a user company considering exactly why it wants or needs any car it has put into its company list."

Previous use by a company of one particular manufacturer, or a perception of price and running cost which no longer bears any true relation to the facts, are just two factors, she suggests, which cloud effective decision making. "But there is one thing to be quite certain of—the motor industry is changing so fast that no decision made last year can necessarily be guaranteed to be right this year."

Full range

Herondrive undertakes the full range of contract hire/leasing operations carried out by its main rivals—but in the short time since the company was relaunched it has come up with some slightly unusual, sometimes controversial, ideas of its own. One scheme, outlined recently by financial director Steve Landau, suggests that companies should consider extending their company car fleets to a far greater proportion of employees than previously, including non-business users.

The rationale goes like this: An employee earning £8,000 a year could be supplied with a company car at no extra cost to the company. How? Because employees with earnings below this level are not assessed for the taxable benefits of company cars. So instead of salary increases, or perhaps by means of salary cuts, an employee could be awarded a company car; save on the salary cut through reduced tax and national insurance—while the employer saves salary plus national insurance—and get a cost-effective car in that it would not be bought and maintained out of after-tax income.

The example put forward by Mr Landau is of an employee offered a small or used car of £4,000 value. If he took a £1,000-a-year pay cut to acquire it, the net drop would be £610 after tax and national insurance savings. The company saves £1,000 in salary and £114.50 in national insurance.

After subtracting likely depreciation and maintenance costs, the net saving to the company would be about £215. The employee, at the same time, is freed from all the perils of running a private car, not least the arrival of unexpected, high repair bills.

The scheme is viewed with scepticism by some of Mrs Denton's rivals, who say they believe that not many companies would be prepared to take on the administrative burdens of such a scheme. But it is one which Herondrive is keen to pursue, and its progress is likely to be watched with interest over the coming year.

Among other recent schemes launched, are a "common sense" company cars purchase scheme for used ex-demonstration vehicles, also offered with contract hire/leasing packages, and a short-term hire/buy-back operation. Under the latter, seen as particularly applicable for executives home on extended leave or on short-term assignments in the UK, the customer can buy a car under guaranteed "buy-back" after six months or so.

What it boils down to is that on a Rover 2.3, for example, the terms would mean that the car has been rented for the current price of about £9.60 a day — against the average weekly cost from a typical rental company of well over £300 a week.

Benefits

Some of the views taken by Mrs Denton should gladden many an executive's heart, even if at first what she suggests might give the finance director the shivers. If what that executive really wants is a Jaguar or a Porsche, why not let him have one? she suggests.

"The motivational benefits to be derived from giving someone the car he wants should not be ignored," she stresses. "It might not be an obviously cost-effective way of going about car provision — but the extra care he is likely to give it could be worth 10 per cent on the resale value alone.

"Cost might make it undesirable to allow a middle-rank executive a new Mercedes 130 or Porsche 924. But the price of a one-year-old model will be about the same as a Rover 2.3 — and could give the driver a significant motivational boost. The scheme makes financial sense, too. The original owner will have already taken the initial heavy depreciation, so the second owner has less to bear."

She shares the view that increasingly user companies will come to view their fleets as just one more cost, to be treated unemotively. "The car is becoming just a product. And even for companies running 1,000-car fleets, there is no flexibility in using your own resources for vehicle acquisition."

For that reason, she forecasts that contract hire will grow eventually to take 40 per cent of all company car business. Her own estimate of its current share is about 10 per cent.

"About the only valid reason for capital purchase is if you actually want to show assets on the balance sheets."

John Griffiths

PROFILE: GODFREY DAVIS [CONTRACT HIRE]

Eye on the small user

GODFREY DAVIS (Contract Hire), the group's specialist leasing division, must have one of the most unusual contract hire vehicles in the business: a Reliant Robin three-wheeler.

But it serves to underline one of the main policy objectives set out for the company by director Graham Darley — to tap the thousands of very small user companies of cars and light commercials.

"We are trying to tap the small operator market every bit as much as the larger fleets on which most fleet management operations concentrate," he says As an example of this, on January 1, the company also started a fleet management/maintenance scheme, specifically for companies which still want to own or finance their own cars—particularly in the smaller business sector.

One of the main spurs for introducing the programme was that "we were getting a lot of of customers found existing fleet management reports too complicated." Mr Darley says.

His company is now running a contract hire/leasing fleet of about 5,000 vehicles, about 20 per cent of them light commercials.

Like many other companies in the field, Godfrey Davis, too, is finding that the bulk of growth is coming from contract hire. "Our fleet has gone up in size by about 20 per cent over the past 12 months—the vast majority of it through contract hire. We still do a bit of finance leasing, but it had its heyday three or four years ago"—when the loophole to lessors of being able to claim 100 per cent first year capital allowances was finally closed.

Mr Darley says he is looking for similar growth this year. At the same time, he predicts that the stabilisation which has taken place in hire rates will continue "although clients these days seem to be proccupied more with service than cost considerations."

The company — like others in the field — could do with more comfortable margins, for although the volume of Godfrey Davis' business is expanding, the profits picture has been rather different. The parent company, Godfrey Davis (Holdings) reported a fall in pre-tax profit last year to £2.6m from £2.97m. Much of it was accounted for by problems connected with the contract hire business, where the impact of falling resale values of used cars had an adverse impact much of the time.

Hugh Routledge

Graham Darley: contract hire makes sense.

Better balance

With the car market readjusting itself to strike a better balance between discounted new car prices and resale values, however, the worst of these problems may be over.

Mr Darley sees several other particular growth opportunities in the business. He has detected a discernible move by some of the major companies in specific industry sectors, such as building, away from "in-house"-operated and owned vehicle fleets into contract hire. "Some of them simply want to get out of the operations side altogether; others want to rationalise their activities, but need to retain some controls — hence the involvement in fleet management packages."

Another area where he thinks there is untapped potential is among companies with large distribution activities, involving in-house maintenance of commercial vehicles and, in theory, the company's car fleet as well.

"But a lot of them are finding that, particularly as we come out of recession, the cars are clogging up the maintenance system; so they either hold up the more important commercial vehicle schedules — or they go unserviced.

"In those circumstances, contract hire makes a lot of sense."

Mr Darley suggests that one of the biggest barriers to even faster contract hire growth is that "a lot of companies still tend to ask how much extra contract hire will cost — when their basic question should be what is it costing to run their existing fleets. There are still a lot of them who simply don't know."

Whether they can be persuaded into full contract hire, or into adopting a "half-way house" approach with full or partial management of their own fleets, is now not of too much concern to Godfrey Davis, having launched its fleet management programme.

"Basically, we've got to give as much or as little in services as companies need or want."

To illustrate, he makes the point that out of the company's 5,000 fleet, "only about 40 per cent are on standard contracts."

J.G.

PROFILE: SWAN NATIONAL

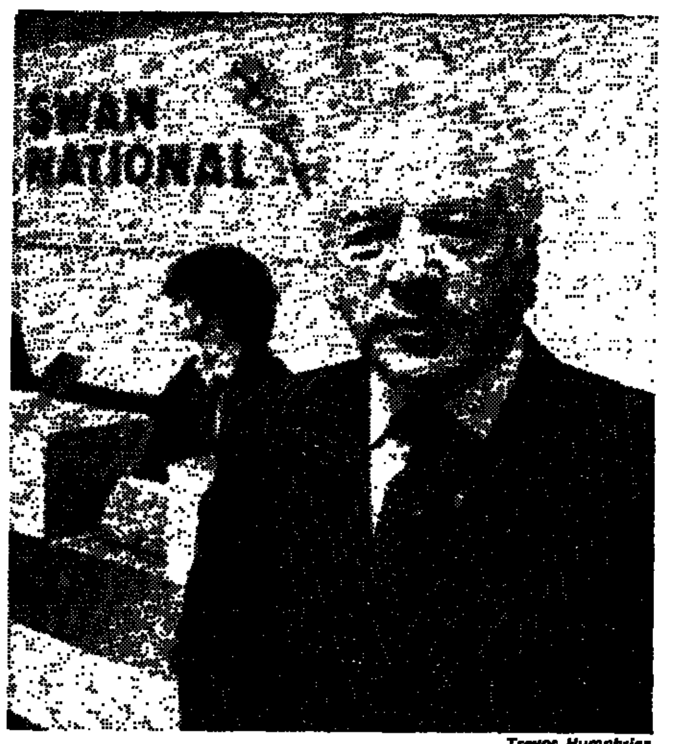
Service is the name of the game

SWAN NATIONAL has an unusual parent—the Trustee Savings Banks, which come under the aegis of the Treasury, and which will offer themselves for sale next year with a forecast likely value of nearly £1bn.

Within the TSB group Swan National—made up of Swan National Leasing with a fleet of about 5,500 cars and Swan National Rentals with about 8,000—is distinctly small beer. In the last group accounts, for 1982, the companies contributed £1.9m of the TSB's £77m profit, with a little help from a small motors distribution business, Valkyrie Motor Holdings.

Precisely how big the leasing company's contribution was is not separated out in the accounts; but its net book value of £18m at the time makes it one of the leading companies under the chairmanship of Mr Frederick Aldous in its field.

Patently, however, it escaped the severe problems which several large companies in the field ran into during the slump in car residual values following the onset of recession. And Mr Len Clayton, its sales director, says that Swan National Leasing can look forward to "record" profits in 1984.



Trevor Humphries

Mr Frederick Aldous, chairman and managing director, Swan National

A sign of the company's times is that it has just refurbished its Croydon headquarters and has invested £750,000 in a new vehicle preparation centre opening next month in nearby Purley.

Mr Clayton's profitability forecast is made despite the fact that he and managing director Mr Ian Mosley expect rates to increase by no more than 5-5.5 per cent this year. They expect a growth in the volume of business by 15-16 per cent, however, measured in terms of units on the company's fleet. That is a roughly similar expansion to that achieved during 1983.

In line with a number of recent surveys reporting new *economic growth, Mr Clayton* says "we have felt very strong stirrings of life among customers. *And I'm not talking* about the computer companies, but those perhaps slightly boring medium-sized companies."

Mr Clayton readily admits that, in the past, where contract hire/lease companies have decided to make a song and dance about their growth in a particular year, much of that company's growth represents "poached" business from other contract hirers.

Easy target

"It's a slightly incestuous world," he suggests. "You get particular sales executives moving from one company to another; and of course, they want to make their mark, so the obvious, easy target is to try and switch the business of customers with whom they've built up previous links.

"Now, however, we really are starting to see our growth *coming from new markets,* particularly from the finance lease area now that the capital allowance advantages aren't there."

To make further substantial inroads into the in-house fleet market of companies still opting to own their cars, Mr Clayton says the sophistication of services offered by contract hire companies will have to continue to develop.

As part of this activity, Swan has adopted the tactic of actually installing its own personnel within the company headquarters of larger clients to ensure *smooth day-to-day* running of their fleets. Other strategies it has adopted include "*full disclosure*" *prospectuses* to potential clients, in which Swan's own declared profit *margin is set out.* The whole scene, he suggests, is changing quite dramatically from the rather "take it or leave it" attitude of contract hire companies three years or so ago, when the contract hire business first began its latest take-off.

Mr Clayton predicts that developments in the new car market—of rife discounting and incentives—will keep the contract hire companies on their toes this year if they are not to hit financial problems, because of further uncertainties over residual values.

"Some companies are already taking a big hiding," he suggests. With little prospect of the discount war abating, he says, the residual values problem could bring a lot of companies to their senses" in terms of the need to set realistic contract rates.

Incentives

Swan has been making efforts of its own to bolster residual values of clients' cars. To encourage better care, it has been offering incentives such as the use *of two Ford Escorts free* for two years to clients returning their cars in best condition, *together with cuts in rates of* between £1 and £6 per car per month. It appears to have *worked well, putting on about* £100 per car on average at disposal time.

It will not be a good year for residual values, he says, "and anyone forecasting profits on *historically assumed values* is in for a ghastly shock."

The importance of residual values in determining contract hire rates can hardly be overstated. According to Mr Mosley, depreciation accounts for *50* per cent of the rental charge and maintenance and the provision of replacement cars during service and repairs account for another 20 per cent.

Although he expects garage and car rental costs to go up by at least a similar amount to the retail price index, he believes that reduced down-time, longer service intervals and simplification of repairs through the use of bolt-on parts should be able to offset any increase.

As regards Swan's own margins, these will be maintained at current levels, he says.

Mr Clayton stresses that a continuous, reasonable element *of profitability for the contract* hirers is essential and not just from the point of view of its own welfare. "Good profits are important to the industry in order to provide the services business houses in the UK have come to expect from the professional operators. Competition is fierce, and service has got to be the name of the game."

John Griffiths

Auctions offer useful disposal system

THE GROWING importance of auctions as a means of disposing of ex-fleet vehicles is one of the early items to emerge from a wide-ranging study of business vehicle policies commissioned by Gelco, the Manchester-based vehicle fleet management and contract hire business.

Information supplied by 6,000 companies showed that just under 12 per cent of their fleet vehicles were disposed of through the auction houses.

Such sales still lag a long way behind the two most-*favoured* methods of disposal—directly through the trade (about 45 per cent) and sales *to employees (about 30* per cent).

However, the fierce discounting war of the past two to three years, and explosive growth in the new car market last year, have left used car stocks high and dealers in many cases either reluctant to accept anything but the easiest-sold models, or to offer weak prices.

Against that background, auctions have come to be seen as at least a convenient, if not necessarily price-advantageous, way of *disposing of vehicles at the* end of their fleet life.

The auction business has *changed almost out of recognition* since, for example, Mr David Wickins, chairman of *British Car Auctions,* first rented an open field in the 1940s for £1 a week.

BCA has become the largest auction house in the UK, and by a considerable margin. It now operates 14 sites, quite apart from the ambitious expansion programme launched into the U.S. less than two years ago, and which was a major contributor to group net profits of £6.02m last year.

However, the presence of Central Motor Auctions—which has eight auction sites—*and Motor Auctions Group,* with three, means that BCA by no means has a monopoly. There are a number of other auctions operating from single sites.

Competition among the majors has produced an expansion *of services* to include valeting services, engineering reports, vehicle valuations *and pre-auction vehicle* collections services.

Commission rates can vary, but about 5 per cent is typical for fleet owners.

The structure of sales has become increasingly sophisticated in recent years with, for example, BCA holding "Top Car" and "Union Jack" auctions specifically for luxury and executive cars, and very low mileage fleet cars respectively. In total, 500,000 vehicles of all types are claimed to have passed through BCA sites last year.

The auction houses have also been making a concerted pitch for local authority and government department business, with some success. The Ministry of Defence and several hundred local authorities are now claimed by BCA to be among its customers.

J. G.

Stuart Marshall gives his verdict on some of the cars he has test-driven over the past year

Lively range of models on offer for company drivers

TWO FLEET MARKET trends are clear. Boots are back and big is no longer beautiful. The hatchback body style, at least in all but the smallest sizes of car, is in retreat. And it is no longer necessary to go to medium and large cars to give a senior manager the kind of performance and comfort—even status—he feels is his due.

Not all fleet managers appear to be aware of this fact. A common complaint from executives who do most of their company car driving in crowded city centres runs thus: "Here I am with this bulky, manual gearbox car when what I could really do with is a smaller one, with automatic transmission and, ideally, power steering."

Some of the more interesting of the 1983-84 crop of new models are exactly what this kind of company car user has in mind. The Alfa 33, a development of the Alfasud, is not yet available with power steering or automatic transmission but otherwise would suit. BMW's 318i four-door is ideal, having a two-pedal and power steering option at extra cost. It is as manoeuvrable and parkable in town as it is enjoyably driveable on the motorway and its charisma is evident.

One UK-based company is switching its representatives from Fords and Vauxhalls to 3-series BMWs on what it says are cost-effectiveness grounds. It is hard to imagine that any will complain that their new company car is smaller than the last one.

Ford has deliberately pitched its Orion (in effect, an Escort with a boot) up-market of the lower tier of its larger Sierra models. This really is an agreeable four-door saloon, with a pleasant ride due to a revised rear suspension, stealthily introduced on the Escort, too, some months ago.

Other compact-sized but well equipped saloons developed from hatchbacks are the Lancia Prisma and Volvo 360. Neither has a power steering option and the Volvo's Variomatic is an acquired taste but either of these cars could be considered a good second best to a 3-series BMW.

Doubts

Three more cars in this class will be arriving here soon. With the forthcoming Jaguar XJ-40, due in the autumn, the Maestro's booted derivative will be one of the two most important British cars to appear this year. Montego—the probable name of the new car—is aimed straight at the fleet market. It will reinforce the doubts Ford must be having over the wisdom of making the Sierra—successor to that phenomenally successful fleet car, the Cortina—a hatchback and not a saloon. In fact, Orion is beginning to show signs of being looked upon as the real replacement to the Cortina.

Joining the Montego will be the Fiat Regata and Volkswagen Jetta—the former a development of the Strada, the latter of the new Golf, a car which has still not reached the British market. The Regata, like the Orion, seems to be half-a-class higher up the pecking order than the hatchback from which it was developed.

Getting rid of the tailgate and replacing it with a boot makes the car dimensionally larger and quietens it down. Rear seat ride comfort is improved, too, as the cushions no longer have to be able to fold into a load floor. No doubt the Montego and new Jetta will show similar benefits when they appear.


Hugh Routledge
John Pugh, Vauxhall-Opel's fleet sales manager, displays the range, which includes the very successful Cavalier

But every rule has its exception. Renault launched the 9 as a four-door saloon more than two years ago but have made its liftback development, the 11, the more prestigious and sporting car. In its latest form, with a 1.7 litre engine, the Renault 11 feels almost Germanic—except for the seat softness.

Success

Vauxhall's Cavalier has deserved its fleet market success in the last year. It really is all things to all business motorists, from sales representatives to middle managers, because of the wide choice of specification offered. Shrewdly, the most prestigious Cavalier, the fuel injected CD, has been given an engine of just under 1.8 litres to keep it in the right tax class.

If any of its cars could get Citröen into fleets, it has to be the BX, which has been designed to keep maintenance to a minimum and is said to need less servicing than a Ford Sierra. It is beautifully suspended and the larger-engined 16TRS is a lively though relaxed performer. Keenness of pricing reflects Citröen's desire to build sales volume.

Much the same could be said of the Fiat Uno, a roomy, refined and economical three- or five-door hatchback replacement of the 127. Uno, an alternative to the Metro or Fiesta, deserved its choice as Car of the Year 1984 and appears to be conspicuously good value. Another excellent small hatchback to make its debut in the past year is the Peugeot 205. Like the Uno, it has the ride comfort of a large car, the economy of a small one.

Mercedes has stepped down a little in size, but retained all the traditional virtues of solidity and sound engineering, in the 190. For quality in its size class this is the car to match, though it does look fairly expensive when compared with the larger 200. But the W123 line, which includes the 200, is coming toward the end of its production life and replacements must be dearer.

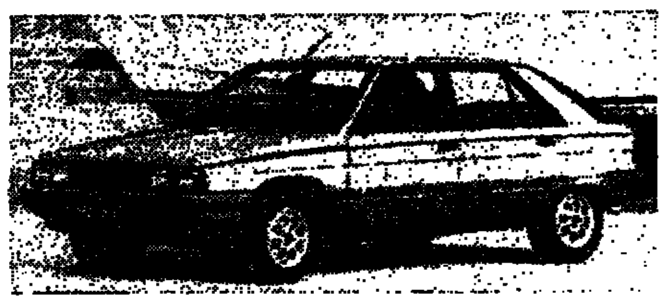
Both Mercedes and BMW are keeping a weather eye on Audi, which is making progress in the medium to large quality car market with cars of original design, though making use of VAG mechanical components. The 100 saloon is now brought into Britain with a closer-ratio manual gearbox, or an automatic transmission, and the gain in driveability over the original ultra-high-geared version has to be experienced to be believed.

It still drifts along motorways in eerie silence, unless a coarsely-textured surface makes the tyres rumble. The 200 Turbo, arguably the world's fastest volume-built executive car with a 143 mph maximum, is due here soon.

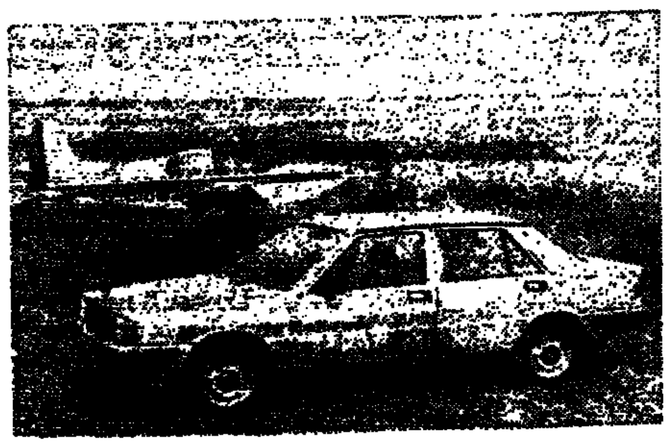
For business users who may have to make long continental journeys in mid-winter (or visit a Scottish outpost, perhaps) the Audi 80 Quattro saloon is uniquely attractive. Permanent four-wheel drive makes it feel uncannily safe on slippery roads. It doesn't have quite the performance of the turbo-charged Quattro coupé but most would find the 120 mph maximum more than enough. Economy does not suffer from four-wheel drive; a consumption in the mid to high 20s is possible from this five-cylinder, 2.1 litre, power-steered saloon.

In the five-seat class, the recently improved specification has made the Vauxhall Carlton an attractive alternative to the Granada and Rover in their smaller-engined versions. It is a straightforward but thoroughly efficient car, priced close to the smaller Cavalier and with power steering as standard. Carlton's near relatives, the Opel Senator and Monza, with six-cylinder fuel-injected engines, are comparable with BMWs.

Jaguars, now of vastly better quality than they were a few years ago, have suspension approached by few other makes and excelled by none. The 3.6 litre six-cylinder engine that will power the 1985 Jaguar saloons has already appeared in the XJS-HE coupe combined with a manual gearbox.



Above: the sporting Renault 11 TSE with electronic ignition. Below: a BMW 3-Series model.



Above: The Lancia Prisma 1500 saloon with front-wheel drive which was developed from the Delta hatchback. Below: The 120 mph Audi Quattro with its four-wheel drive has a 2.2 litre fuel-injected engine. Both cars are well equipped

Alan Bunting discusses the long-awaited 38-tonners

Why the new breed has been accepted so rapidly

IT IS almost nine months since the long-awaited increase in permitted lorry weights came into effect. The maximum all-up weight for articulated vehicles went up from 32.5 to 38 metric tonnes—that is from 32 to 37.4 imperial tons.

Despite the unabated vociferous resistance from environmental groups to any increase at all in weight limits, especially to the original Armitage Report proposals, which envisaged a 44 tonne upper limit for tractor-trailer (drawbar) as well as artic combinations, the new breed of 38-tonners have been accepted rapidly by the community at large.

Only the presence of a fifth axle and, in most cases, semi-trailer sideguards, gives away the higher design weight of the newcomers. They are in fact less intrusive visually than some lighter trucks, because their overall height is restricted to 13 feet 9 inches. There were previously no height limits.

For fleet operators the 38-tonnes limit has brought the obvious benefit of greater load capacity, although some of the 5.5 tonnes increase in allowable gross weight is absorbed in additional unladen weight. The statutory requirement for at least five axles instead of four has itself meant that the new generation of artics weigh at least half a tonne more than their 32.5 tonnes predecessors.

Further dead weight is added by the uprated engines, gearboxes, and chassis components needed to cope with a 17 per cent increase in all-up weight.

Where truck users previously thought in terms of a maximum 20.5 tonnes payload, they now base their productivity calculations on a figure of about 25 tonnes—a 20 per cent increase.

Companies hauling specialised cargoes, in purpose-built semi-trailers whose ancillary equipment makes them heavy, stand to gain more in productivity terms. If 18 tonnes of frozen food products could be carried previously in a 32.5-tonner, its 38-tonnes successor is likely to be able to carry 22.5 tonnes—25 per cent more.

Operation at 38 tonnes calls for an articulated vehicle to have five axles, which can be disposed in either "2 plus 3" or "3 plus 2" formation

£40,000 cost

There is obviously little point investing in new heavier-duty vehicles, at £40,000 a time, if their extra carrying capacity cannot be fully exploited.

Haulage companies whose business is carrying freight for others have, accordingly, regarded the revised legislation with considerable scepticism, in the light of the depressed conditions currently afflicting their industry. Those who have bought new articulated tractors and, in some cases, new trailers as well, in order to take advantage of 38-tonnes laws, need to charge their customers rates that realistically cover their investment.

In the long term the economics of running vehicles which will carry 20 or 25 per cent more load are undeniably attractive. That gain in productivity is being achieved at the expense of only about a 5 per cent fuel consumption penalty, together with the increase in driver's pay which has been negotiated by many concerns.

But the initial outlay on heavier-duty vehicles is formidable. Ironically, more cautious hauliers who have adopted a wait-and-see policy, staying with their existing 32.5-tonners, are at present in many cases able to undercut the rates charged by 38-tonnes operators.

Because truck utilisation has been so low during the recession there are many 32.5-tonnes vehicles, bought in the past haulage boom years of 1978 and 1979, which in 1984 have many efficient reliable miles left in them.

Until they become due for replacement and their owners are forced into a decision on whether or not to "go 38 tonnes," competition between freight carriers will remain somewhat artificial. It is not surprising that the Road Haulage Association has greeted higher weight legislation with less than wholehearted enthusiasm.

Own-account concerns, that is manufacturers and traders running their own fleets, have in contrast welcomed the weight concession, with few reservations. For a given annual tonne-mileage fewer vehicle-loads are implied, so that they have been able in many instances to reduce the size of their fleets.

Higher-weight benefits are confined of course to those fleet users whose cargoes are heavy enough in relation to their volume for extra weight to be accommodated on vehicles of essentially the same dimensions as before.

Having made the decision to run artics at the higher weights now permitted by law, operators have also had to decide on the best vehicle configuration. The new legislation calls for a minimum of five axles on an artic combination used at gross weights above the old 32.5 tonne (four axle) maximum. An additional axle on either tractor or semi-trailer becomes mandatory.

Six-wheeled tractors designed for 38 tonne working are now available from nearly all heavy truck manufacturers. Some have two steering axles, others have two driven axles. Buyers are having to sort out the order of their priorities: cost, weight, directional stability, and traction on poor surfaces.

Paramount

Where absolute payload and initial cost are regarded as paramount considerations, the straightforward two-axled tractor coupled to a tri-axle semi-trailer is at first sight the most attractive solution. Since last May however the practicalities of 38-tonne artic operation under UK legislation have gradually emerged. And the economically attractive "2 plus 3" combination has shown itself to be vulnerable to individual axle overloading. The new laws allow 10.5 tonnes to be imposed on the road surface through the wheels of the driving axle.

Fleet operators have found in practice that if payloads are biased forward—which they are inclined to be as crates or pallets are loaded from the front of the trailer rearwards—then there is a real risk of illegally overloading the drive axle of a 38 tonne "2 plus 3" artic. Rearward load bias can similarly overload the tri-axle bogie beyond its legal capacity (22.5 tonnes in most cases) but this is less of a hazard.

In contrast, a "3 plus 2" combination, whose tractor has three axles, enjoys a much more built-in tolerance of forward-biased cargoes. For haulage companies carrying ISO or British Rail Freightliner containers the need for fore-and-aft load distribution tolerance is especially important.

All that is known about a container is its laden weight. Its centre of gravity could be close to one end rather than midway along its length. Container hauliers are moving noticeably in favour of the "3 plus 2" configuration.

Tight manoeuvring in dock areas or transport depots is proving a different kind of headache for 38 tonnes "2 plus 3" users. Tyre scrub on their tri-axle trailer bogies as the treads are effectively dragged sideways across tarmac or (worse still) concrete, is so pronounced that some tyres are having to be replaced after 10,000 miles or less.

A "3 plus 2" artic can carry half a tonne less payload than a "2 plus 3" outfit of comparable specification. But in practical and whole-life cost terms, the heavier (unladen) and slightly more complex machine is likely to find increasing favour.

This three-axle Foden can carry a payload of 45 tonnes. Hauliers have to balance the economic pros and cons of carrying bigger loads, taking into account factors such as the best axle configuration

Lynton McLain examines the revolution taking place in tackling distribution problems

Search for new systems to keep down costs

THE INABILITY of management to halt the rapid rise in distribution costs and the urgent need to keep the price of goods down has sparked a revolution in the way companies choose to manage the distribution of their products.

This revolution, so far largely unheralded—partly because of an understandable reluctance on the part of the companies operating the new systems to reveal details to their competitors and partly because the ideas are so new—marks a further stage in the increasing specialisation of transport services.

Only those companies with the technical skills, especially in computer route planning and with the financial muscle and experience to implement large-scale schemes, have any hope of meeting the new needs of industry.

Some of the largest and most revolutionary of the new distribution schemes have come about through the inventiveness of the National Freight Consortium. The NFC is the former nationalised amalgam of various sluggish distribution companies. These were bought by the NFC management and half its 23,000 staff two years ago, in the first buy-out sale of its kind by the Government in selling a nationalised industry to the private sector.

TOTAL DISTRIBUTION COSTS AS A PERCENTAGE OF SALES

	Storage	Stock	Tnspt.	Admin.	Min.	Max.	Average
Paper, printing, publishing	3.6	5.6	4.0	4.3	6.9	27.5	17.5
Food, drink and tobacco	2.5	1.4	4.8	3.8	3.1	31.8	12.5
Mechanical engng.	2.8	1.6	2.8	4.1	5.5	14.4	11.4
Distributive trades	5.4	2.3	1.8	1.3	1.9	36.4	10.9
Chemicals and allied products	2.7	2.4	3.1	2.1	3.5	23.4	10.4
Electrical enginrng.	1.6	1.8	3.2	2.1	0.3	14.5	8.7
Overall	3.3	2.4	3.7	2.9	0.3	36.4	12.3†

† A more complete definition of distribution suggests that distribution accounts for 17 per cent of industry's costs, according to the CPDM.

Source: Survey of Distribution Costs, 1983. Centre for Physical Distribution Management, British Institute of Management.

The management-staff buy-out scheme was the idea of the NFC and it is a similar quality of initiative that has led the consortium to take a lead in developing the newest type of distribution systems for industry.

The NFC's interest in distribution goes back to its earliest days when it hired lorries and trucks to industry in the simplest form of "contract hire."

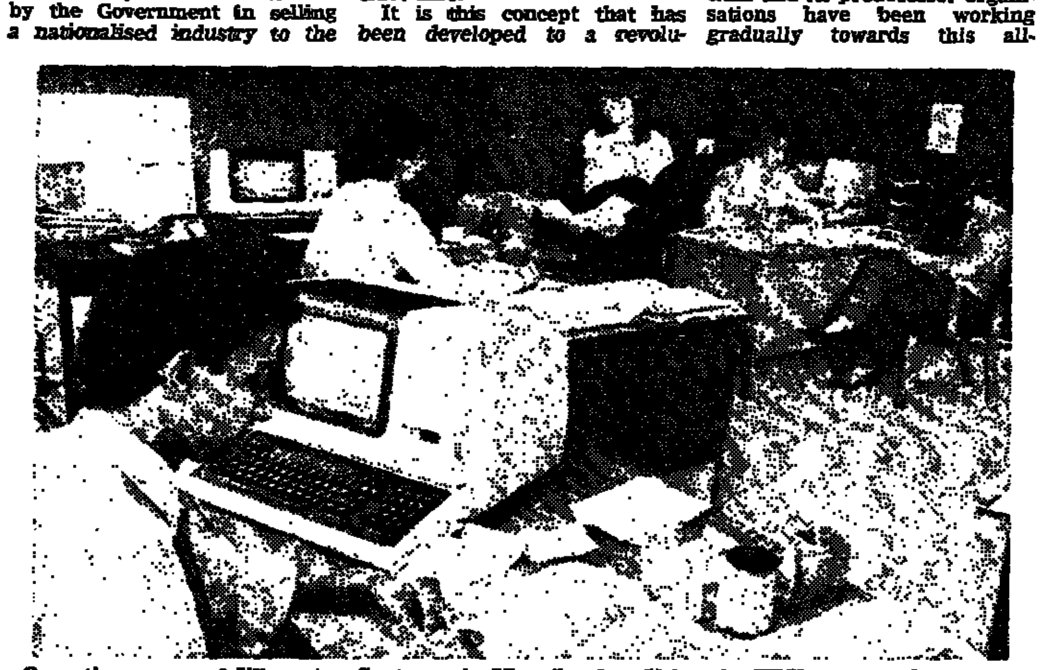
It is this concept that has been developed to a revolutionary degree by the British Road Services offshoot of the National Freight Consortium.

The latest developments bear no resemblance to the earlier straightforward contract hire concept; instead they provide an all-embracing service for the industrial and commercial customer and take away from the customer all direct involvement with day-to-day transport and distribution.

The National Freight Consortium and its predecessor organisations have been working gradually towards this all-embracing concept for some time. Contract hire in its simplest form was developed to include the supply of a driver, with his wages paid for by the haulage company and included in the terms of the contract.

Further developments of the theme gave the customer contract hire arrangements that included the regular maintenance of the vehicle or fleet of vehicles, and the provision of vehicle fleets in colour schemes to suit the customer.

This idea was taken a step further with the concept of "contract distribution," where companies such as BRS and Wincanton Vehicle Rentals took over the lorry fleets of customers seeking a way of improving their cash flow and putting running costs on a more regular basis without the capital costs usually involved in a fleet.



Operations room of Wincanton Contracts in West London. Using the VDU screens, the operators have access to full details including service dates of the 3,000 cars in the fleet

Buying-out

This contract distribution concept involved the specialist transport company buying-out the customer's transport fleet, replacing this haulage capacity with new lorries and charging the customer for the use of these vehicles, including the use of drivers, regular maintenance and servicing.

The customer pays the transport company one bill a month, to cover all the costs of running the haulage fleet, but with no commitment or liability for the capital costs involved. This frees his capital for use more directly in the manufacturing process, or the retailing business, and allows the customer to pay for his transport costs out of monthly revenue.

This broad concept of contract distribution has been developed and expanded rapidly by the National Freight Consortium in its new schemes, which it prefers to regard as "evolutionary" rather than "revolutionary."

Nevertheless, there are elements of the schemes that do justify the description "revolutionary," as is clear from the few details that NFC and its innovative customers have released.

The first, and so far biggest of the new schemes, has been developed over the past two years and involves the London-based operations of Whitbread, the brewers.

What is known is that the National Freight Consortium, through one of its operating companies, and Whitbread, have joined forces to improve the distribution activities of the brewer across London and the Home Counties.

Greater efficiencies are expected from the venture, but new approaches are involved that have not been tried before, so far as is known, in attempts to improve the distribution of goods in Britain.

As the focus of the new venture, Whitbread and BRS Southern, part of the British Road Services operations of NFC, have formed a joint company called Bar Delivery Services. This is controlled on a 50/50 basis by BRS Southern and Whitbread (London), but the novelty is that Whitbread has not put up any money towards Bar Delivery Services.

Instead, the NFC, through BRS Southern, has put up all the capital for the development in what BRS claims is a "unique relationship" with Whitbread.

This capital commitment includes the development and building of two new "Whitbread distribution and business centres," at a cost of approximately £7m, all paid for by BRS Southern.

These new depots are at Kentish Town, north London and at Dunstable, Bedfordshire. The Dunstable centre opened on February 13 this year and included 42,000 sq ft of warehouse and distribution space and 10,000 sq ft for the "business centre."

The Kentish Town centre is expected to open on March 5 and will include 85,000 sq ft of warehouse distribution space and 15,000 sq ft for the business centre.

At the heart of these large-scale developments is a novel approach by NFC to combine investments in property and transport facilities.

Before the formation of Bar Delivery Services, Whitbread had seven distribution depots serving London and the South East area. The company wanted to modernise its distribution systems and BRS Southern won the contract with a five-year agreement to cover the entire London and South East area with two large-scale developments.

BRS Southern was in effect given a clean sheet of paper to produce the optimum transport and distribution system. The BRS Southern proposal for a joint company, with development of two enormous distribution and management centres for Whitbread, won the day.

Hugh Routledge

David Howse, transport manager of Christian Salvesen, which runs 450 commercials. The company's principal business is temperature-controlled distribution with half its fleet operated on contract and a third on general haulage in the UK

The new scheme is not fully operational and NFC is cautious about saying too much about it, until it has been tried and tested in day-to-day operations.

Joint company

For Whitbread, the system provides management control of distribution through the joint company, Bar Delivery Services, and consolidation of this control with the running of the vehicle fleets, the staff and the supporting facilities.

The development has also saved Whitbread large-scale capital expenditure, freeing this capital for spending on other projects. Although it has not been disclosed, Whitbread is probably paying for the services distribution from revenue on a regular basis, as in other contract distribution schemes.

The formation of Bar Delivery Services as an autonomous operation for the distribution of brewery products for public houses and off-licences will have the advantage of freeing the Whitbread management to get on with the job of running a brewing business.

Other large corporate names, such as Sainsbury, have also reached agreement with BRS for the development of other large distribution centres. Sainsbury has no distribution centre in the West Country and BRS Western has won a contract to build a large distribution centre and cold store at Yate, Somerset.

In most developments of contract distribution arrangements, the distribution specialists make extensive use of computers for planning the optimum site for new distribution centres and for route network planning. In the case of the Sainsbury contract, BRS Western selected the site and will supervise construction of the distribution centre.

The urgent need for more examples of radical ways of tackling distribution in the industrial and retail sectors is underlined by figures from the Centre for Physical Distribution Management in its 1983 survey of distribution costs.

In its broadest definition of distribution, taking in storage, stock costs, transport, administration and all aspects of handling, the centre estimated that distribution costs British industry nearly £30bn a year, or 17 per cent of the total cost of making and selling goods.

These figures are cause for concern in themselves, but the survey also found that there has been a steady trend for distribution costs to rise much faster than the general level of inflation.

The retail price index rose from 100 to 311 between 1970 and 1982. Over the same period, distribution costs rose from 100 to 335 for building costs of warehouses and depots, to 337 for labour in the distribution sector, to 346 for distribution equipment and 403 for the transport costs involved in distribution.

In other words, some aspects of the costs of distribution have risen approximately 30 per cent higher than the general rise in retail prices.

VEHICLE FLEET MANAGEMENT XVIII

UK COMMERCIAL VEHICLE REGISTRATIONS

	Light vans		Medium and heavy vans		Light 4 x 4 vehicles		Artics		Buses and coaches		Total	
	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982
BL												
Austin Rover (GB)	25,256	18,385									25,256	18,385
Land Rover					6,768	6,004					6,768	6,004
Freight Rover (GB)			14,209	9,617							14,209	9,617
Leyland Vehicles (GB)							7,476	6,062	1,801	1,844	9,277	7,906
Total BL	25,256	18,385	14,209	9,617	6,768	6,004	7,476	6,062	1,801	1,844	55,510	41,912
Citroen (F)	1	1									1	1
Daf (NL)							2,371	1,829	209	146	2,580	1,975
Daihatsu (J)	2,589	2,300			1,094	1,391					3,683	3,691
Datsun (J)	825	975	4,911	3,781	106						5,842	4,756
Erf (GB)							1,237	1,348			1,237	1,348
Fiat Auto (I)	2,701	2,294	915	12							3,616	2,306
Foden (GB)							602	522			602	522
Ford												
Ford (GB)	22,352	21,873	41,723	43,723			10,601	10,153	188	248	74,864	75,997
Ford (E)	4,243	4,674									4,243	4,674
Ford (ML)				3				40				43
Ford (ZA)			7,439	3,490							7,439	3,490
Total Ford	26,595	26,547	49,162	47,216			10,601	10,193	188	248	86,546	84,206
General Motors												
Bedford (GB)	16,898	12,110	11,897	12,801			6,174	6,477	284	346	35,253	31,734
Bedford (J)			1,278	730	136	184					1,414	914
Opel (D)				146								146
GM others			5	33							5	33
Total General Motors	16,898	12,110	13,180	13,710	136	184	6,174	6,477	284	346	36,672	32,827
Hestair Dennis (GB)							509	432	153	178	662	610
Honda (J)	2,653	2,296									2,653	2,296
Hyundai (ROR)	1,151	517									1,151	517
Iveco												
Iveco (I)			211	119			2,259	1,387			2,470	1,706
Iveco (D)							332	563			332	563
Total Iveco			211	119			2,591	2,150			2,802	2,269
Karrier												
Dodge (GB)							4,393	4,405			4,393	4,405
Dodge (E)							57	40			57	40
Renault (F)							352	340			352	340
Total Karrier							4,802	4,785			4,802	4,785
Mazda (J)			2,900	1,878							2,900	1,878
MCW (GB)									415	214	415	214
Mercedes Benz (D)			5,117	4,328			4,886	3,650	1	1	10,004	7,979
Mitsubishi (J)			2,260	1,218	59						2,319	1,218
Peugeot/Talbot												
Talbot (GB)			61	2,029							61	2,029
Talbot (F)	813	850									813	850
Talbot (I)			3,146	73							3,146	73
Peugeot (F)	2,643	1,532	2,491	1,313							5,134	2,845
Total Peugeot/Talbot	3,456	2,382	5,698	3,415							9,154	5,797
FSO-(Polski-Fiat) (PL)	663	454									663	454
Renault (F)	1,323	1,135	5,048	3,203							6,371	4,338
Scania (S)							1,871	1,499	42	5	1,913	1,504
Seddon Atkinson (GB)							1,538	1,718		13	1,538	1,731
Subaru (J)	1	505			1,737	1,032					1,738	1,537
Suzuki (J)	789	492			942	395					1,731	887
Toyota (J)			4,385	3,051	964	990					5,349	4,041
Vag-Man/VW (D)	442	672	8,716	9,030			832	807	7	29	9,997	10,538
Volvo												
Volvo (GB)							1,280	1,837	87	79	1,367	1,916
Volvo (S)							1,524	921	364	320	1,888	1,241
Volvo (B)							1,107	675			1,107	675
Total Volvo							3,911	3,433	451	399	4,362	3,832
Zastava (YU)	24										24	
Others (GB)	111	1	38	32			301	316		197	450	546
Others (imported)			75	43	66	187	248	121	161	146	550	497
Total British	64,617	52,369	67,928	68,202	6,768	6,004	34,111	33,270	2,928	3,119	176,352	162,964
Total imported	20,861	18,697	48,897	32,451	5,104	4,179	13,839	12,072	784	647	91,485	68,046
Grand total	*85,478*	*71,066*	*116,825*	*100,653*	*11,872*	*10,183*	*47,950*	*45,342*	*3,712*	*3,766*	*267,837*	*231,010*

Source: Society of Motor Manufacturers and Traders.

Manufacturers have found it pays to woo the person in the cab

Driver appeal boosts sales of heavy trucks

WHEN THE heavy goods vehicle driving licence was reintroduced in 1970, the status of the truck driver in Britain was given a boost. Qualifications invariably imply a salary premium: HGV drivers are no exception.

Through the 1970s, the demand for class 1 (articulated) HGV drivers in particular outstripped the supply in most parts of the country. Concerns engaged in road transport willingly paid generous salaries to drivers whose overall competence, responsibility and "ambassador" performance matched their legally-recognised status.

Trades union representation helped to strengthen the HGV-qualified driver's position in obtaining better pay and conditions. For a person who spends 90 per cent of their working hours behind the wheel, the term "conditions" can be largely translated as "cab comfort and convenience."

Strangely, the Health and Safety at Work Act of 1974 does not cover the crews of vehicles operating on the public highway. The driver's working environment is not therefore subject to protective legislation in the same way as the conditions in a factory or on a building site for instance.

Rules on noise

Noise emitted by trucks is only of legal concern as it affects bystanders. Noise reaching the driver's ears in the cab is not subject to legislative control. Neither is minimum steering wheel, gear lever or pedal effort, although there are EEC regulations, governing steering wheel effort in the event of power-assistance failure, whose provisions could be adopted in the UK eventually.

Drivers nevertheless have been thoroughly cosseted in the past decade, as truck manufacturers have put increasing emphasis on the level of appointments in cabs as well as layout of controls and instrumentation.

When foreign-built heavy trucks were first imported from Sweden and Germany in the middle and late 1960s their advanced cab designs came as a revelation to British drivers, who until then had taken the "hand-built" look for granted. The imported trucks were quiet, they handled well with smooth suspension and precise low-effort steering, and the cab interiors were as well planned and as well finished in detail as a passenger car.

To the apparent surprise of domestic truck producers, driver appeal turned into significant overall market sales appeal. Owner-drivers led the way, but it was not long before fleets began to be influenced in their choice of chassis by drivers' preferences — even by their demands.

The scarcity of qualified drivers helped fuel the trend, as transport managers pandered to the whims of valued employees. An extra turn of the screw came during the period of government incomes control when companies sought alternative ways of attracting and holding staff.

Today's heavy vehicles, both British and foreign, embody standards of cab refinement which a British truck designer of 20 years ago would have thought unnecessarily luxurious.

Sleeper cabs

Suspension seats adjustable to suit the occupant's weight, for passengers as well as drivers, can now be found in some imported heavies. Sleeper cabs are often provided for drivers who never spend the night away from base; the extra space behind the seats is deemed a "perk," even though that space is likely to be occupied by not much more than tools, towropes and sandwiches.

Electrically-powered windows are becoming as commonplace in heavy trucks as in up-market cars. They are arguably more of a necessity, in view of the size and weight of the glass, and the facility of being able to open the kerbside window, five feet or so from the driver's left hand, when it is obscured with rain or frost, is particularly worthwhile from a safety point of view.

Many driving controls are now power-assisted, notably brakes, steering and clutch. Gearshift effort remains high on heavy trucks with synchromesh gearboxes; though the champions of syncromesh are devoting a lot of research investment and time to reducing lever effort.

Meanwhile, constant-mesh gearboxes—calling for more driving skill but less strength in the left arm—remain in favour. Indeed, American-designed, constant-mesh boxes are a positive selling feature of all British heavy chassis.

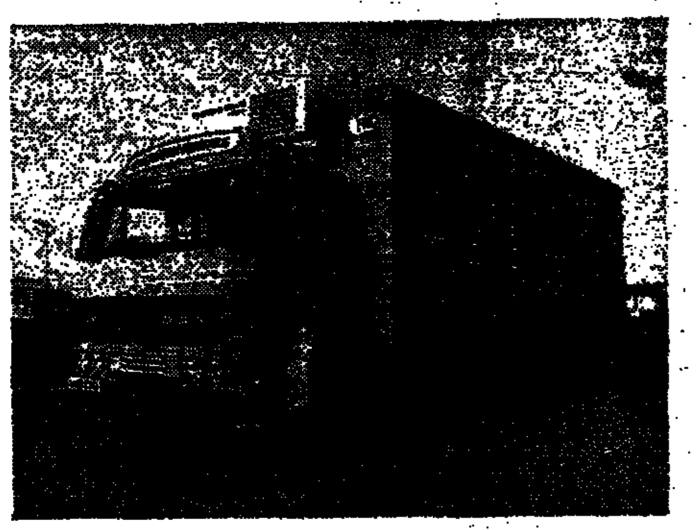
As manufacturers strive to make trucks more fuel-efficient, development of drivelines which take gear changing decisions away from the driver is moving ahead swiftly. For optimum economy, engine rpm needs to be controlled within tight limits under given conditions of load and road speed.

Electronic monitoring of speeds and engine loading can generate gearchanging "instructions" which can be turned into advisory audio-visual signals, telling the driver to change up or down. Alternatively, the information can form the input to a black box controlling a fully-powered gearshift mechanism.

This latter concept amounts almost to a fully-automatic transmission though the mechanical clutch could be retained. Programmed variable inputs will achieve optimum fuel economy under a range of gross weight, speed, gradient and traffic conditions.

From the driver's point of view, such developments will take skill as well as physical effort out of his job. Those whose transport industry connections go back several decades are likely to pour scorn on such developments, even though the new technology will undoubtedly make life significantly easier for the person in the cab — at the same time making it easier for newcomers to gain hgv driver qualifications, creating even more employment competition.

Alan Bunting



Manufacturers have put an increasing emphasis on drivers' comfort, particularly in cab design

Replacement programmes are falling behind for many companies. **Hazel Duffy** reports

Haulage operators feel the pinch

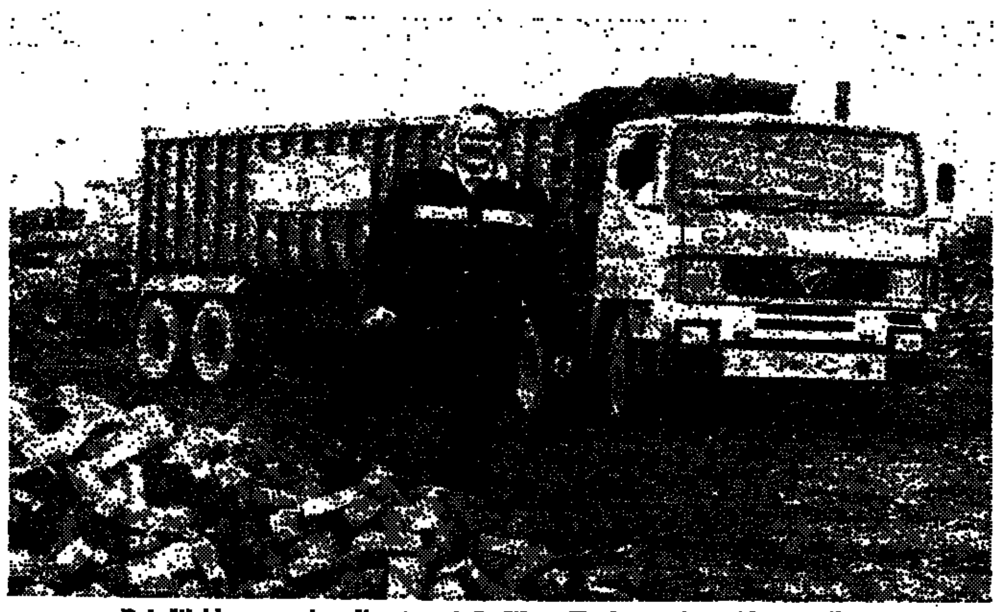
GEORGE WEBB HAULAGE, a family-owned company specialising in bulk haulage, is fairly typical of the road haulage industry. Set up over 40 years ago, it is managed by George Webb, son of the founder who operates a fleet of 14 30-tonne tippers plus two 38-tonne articulated tippers.

Turnover of the haulage company is about £1m a year, which goes up to £1.4m when two other companies in the group—one specialising in the movement of loads in and out of ports and the other specialising in the movement of aggregates, broken brick and plant hire—are taken into account.

The company is also fairly typical of the industry in the problems that it is experiencing. George Webb, managing director, and Donald Coates, financial and commercial manager, are so concerned about the pressures that they feel are being exerted on the industry by the state of the economy and an unsympathetic government, that they have asked their local MP, Francis Pym, to take up their grievances with the Chancellor, and Mr Nicholas Ridley, Transport Secretary.

The main thrust of their argument is that responsible haulage operators are being squeezed out of the industry by the activities of "cowboy" operators—who, they allege, undercut rates but also cut corners on safety requirements—and the big increase in annual road fund licences for the past two years.

Their concern is shared by their trade association, the Road Haulage Association, which has been lobbying Government for some relief of the big increase in vehicle excise duty, and the Freight Transport Association. Garry Turvey, deputy director-general of the FTA, recently warned members to look closely at exactly what is being offered by some hauliers offering cheap rates.



Bob Webb, managing director of G. Webb Haulage, with a 38-tonne tipper

Respond

Why, then, does George Webb feel the necessity to "go it alone?" Their reply is that they simply do not think that Government, particularly the Treasury, will respond until it is made more fully aware of the strength of opinion within the industry than is being conveyed by the RHA.

Road haulage has always been an industry with a high rate of casualties. It is relatively easy to set up in the business — "too easy," argue Webb and Coates, who want to see stricter control of licensing regulations. It also seems to be not too difficult to evade other regulations, in spite of the efforts of the Department of Transport and the police to impose checks. "There are vehicles on the road every day which should not be operating," claims Coates.

"Price is everything in a recession," he adds, "and quality of service has less value than it used to." Rates in the bulk haulage industry have stood still for the past three years and he quotes an average margin of 1.46 per cent for the industry.

"At these rates, it is impossible to replace vehicles out of profits. A typical four-axle tipper costs £40,000. On our turnover, that means we can replace half a vehicle a year when we should be replacing our fleet every five years."

Big investment

The company has invested heavily recently (£280,000) in two 38 tonners from Fodens, and five Scammells, by resorting to bank loans. But the management is concerned that it will not be able to finance the next replacement phase when it falls due.

The rest of the fleet comprises six Volvos which are between three and five years old, one MAN (four years old), and two Deutz vehicles (seven years old) which it has been possible to keep on the road by using spares from earlier vehicles.

George Webb Haulage cannot afford to sit back and hope that help will come from some quarter or another. It is faced with the following alternatives: buying secondhand vehicles, cutting back on services which it has prided itself on carrying out for its customers in an all-inclusive haulage rate, more sub-contracting to owner-operators, and diversification.

In the past couple of years, the company has managed to cut its overall costs, in spite of unavoidable increases in areas such as the road fund licence (up by 61 per cent on 30 tonne tippers) and the upward trend in derv prices. The small engineering staff has been cut from six to two, and vehicles now go out to contract maintenance. The group office near Cambridge has been sold, and the company is in the process of moving to accommodation in a neighbouring village where the rates are very much lower and heating costs are lower.

The company's major customer is the Central Electricity Generating Board for which it is concerned mainly with moving fuel and ash out of power stations. It is a contract that brings problems, such as the need to move 1,000 tonnes one day and nothing the next—and moving coal from CEGB power stations to stockpiles. This is one contract where some negotiation on rates has been possible, but the level of business is influenced inevitably by the demands on the CEGB for electricity, which has been affected by the recession.

Diversify

Other products hauled by George Webb include brick and hardcore for local authorities' road maintenance programmes, salt, and grain and sugar beet in the summer.

It is seeking to diversify—for instance, into heavy haulage, warehousing, even tyre remoulding. If it is successful it will be typifying the adaptability of an industry which must respond quickly to changes in the market.

The small, independent road haulage companies are the backbone of the industry. The problems they face are similar to those faced by small companies in any industry, except that they feel they have been subjected to unwarranted cost increases, in an economic recession, which have compounded their problems.

BASIC COSTS

Road Fund licence (rigid vehicle with four axles 30,000 kgs-30,490 kgs)	
March 1981	£1,233
March 1982	£1,543
October 1982	£1,620
March 1983	£1,990
Derv	(per gallon)
January 1981	1.062p
October 1983	1.314p
January 1984	1.40p

Hire-back deal for refuse trucks

Profitable route helps the council

A FEW WEEKS ago, Three Rivers district council, near Watford, forged a deal with Transfleet Services, one of the UK's larger commercial vehicle contract hire and rental companies, which Transfleet hopes might just set a highly profitable trend.

For the company says it believes Three Rivers' action was the first by a local authority to divest itself of the capital cost, and the administrative, maintenance and disposal burdens, of running its own operational vehicle fleet.

Under the deal, Transfleet—jointly owned by Lex Services and Lombard North Central, the finance house—is buying Three Rivers' entire fleet of vehicles, then hiring them back to the council.

The vehicles include vans, tipping vehicles, tractors, specialised road cleaners, refuse freighters and gritting trucks. In addition to the existing 39 vehicles, Transfleet is also to buy 21 new vehicles. The entire package will cost Transfleet about £1m.

Costs cut

There is a profit margin built in for Transfleet on the contract, which is valued at £950,000 over three years.

Even so, following an internal inquiry commissioned by the council and carried out by its own management services unit, Three Rivers council estimates that it will cut its annual costs by £100,000 over the life of the contract.

As part of the deal, Transfleet will lease the council's maintenance depot at a commercial rent. It will be used by Transfleet both for servicing the municipal vehicles and other hire vehicles. It will revert to the local authority at the end of the contract.

The responsibilities imposed on the contract hirer, but also the opportunities, in such an area of business are considerable. Transfleet has been required to provide guarantees obliging it to keep a serviceable fleet on the road 24 hours a day, 365 days a year. But if the Three Rivers contract were to set a precedent, in the way some authorities are "privatising" other sectors such as refuse collection, then the market which such specialist contract hirers could tap is clearly enormous.

Transfleet says it expects to retain "the majority" of existing employees at the depot, which will extend its service operations into areas such as the inspection and testing of taxis.

The spending on the Three Rivers contract is over and above Transfleet's further investment announcement this month of a further £1.8m to expand its truck rental fleet.

The investment covers the purchase of 86 new vehicles in the 7.5-38 tonne range, including refrigerated units.

Its managing director, Mr Hamish Paton, says there is firm evidence of the recession lifting. Over the past 12 months market demand for truck rentals had increased, "and we expect this growth will accelerate."

John Griffiths

John Griffiths looks at the latest advances

Quiet progress by electric vehicles

Top: The Bedford CF carries a 1-tonne urban delivery payload. Centre: The rear-mounted electric motor is coupled to a conventional but rearward-facing axle via a short propshaft. Bottom: The entire control gear and ancillary electrical equipment is mounted in the van's "engine" compartment at the front

AFTER MANY false dawns, has the day arrived when fleet operators need to at least start examining the electric vehicle as a viable option?

The flurry of activity to publicise new vehicles by two of the UK's major manufacturers at the start of this year. suggests that the answer should be a *cautious* "yes."

At the outset it must be said that the electric car as a fleet vehicle is as far away as ever (Mr Clive Sinclair's plans to produce a passenger EV are very much based around an ultra-lightweight "commuter car" which could not be expected to fulfill a fleet/business role).

It is the light and medium commercial vehicle, in the form of the panel van and truck, which has at last moved from the experimental prototype stage into commercial production.

Bedford, General Motors' UK commercial vehicles arm, and Freight-Rover, BL's van-making subsidiary, in January both moved into production, on normal assembly lines, of electric versions of their conventional petrol and diesel-powered vans. Bedford launched a one-tonne payload version of its CF model; Freight Rover a similar, electric-powered Sherpa.

Karrier Motors, maker of the Dodge truck range, has been in limited production for some time with a six to nine tonne electric truck based on its Dodge 50 model; and Leyland Vehicles has also produced a small number of Terrier trucks of 7.5 tonnes gross.

Competitive

Together with Lucas and Chloride who through a joint company—Lucas Chloride EV Systems—provide the vehicles' drive systems, these companies argue that there are circumstances now in which the electric commercial can be cost-competitive with its internal combustion-engined counterparts.

The circumstances are these: if a commercial vehicle is used on a regular basis for no more than 50 miles a day, returns as a matter of routine to its base each night and has payloads of the size mentioned above, then electric power is a viable option. The most obvious application is urban delivery work, involving a lot of stop-start motoring.

At the launch of Bedford's model, the company's marketing director, Mr Des Savage, said he was sufficiently optimistic about the electric van's prospects to forecast a market of 4,000 a year in five years' time, rising to 10,000 a year thereafter. That would be approaching 10 per cent of last year's medium van market which was 116,000 vehicles.

Optimism

Part of the reason for his optimism is that the vehicles now coming off the lines at *Luton* are far removed from the "milk float" image traditionally associated with electric vehicles. The CF, like the Sherpa, can cruise at up to 50 miles per hour and accelerate like a normal van, making it—in the EV industry's jargon—"fully traffic compatible."

There are other immediately apparent advantages: the *vehicles* are *much quieter than* normal vans and vibration-free; they do not use fuel at standstill; require no excise duty to be paid; and in the absence of vibration and other combustion engine-induced harshness, should cost less to maintain and last longer.

Even so, none of the manufacturers could be described as jumping into EVs with both feet.

Bedford plans to sell about 300 vans this year; Freight Rover and Leyland Vehicles are likely to make about 100 Sherpas and Terriers (mostly Sherpas), while Karrier is producing rather fewer than 20 Dodge 50 electrics a month.

Nevertheless, Bedford says it has forward sold about 175, with similar proportions from Freight Rover.

Though there are immediately apparent advantages, equally apparent is a seemingly even bigger disadvantage — the cost. An electric Bedford CF, complete with batteries and charger costs £9,750. *And if it* were not for financial help from the Department of Trade and Industry, the price would be very close to £14,000. The DTI is currently aiding the fledgling sector with a "market entry" support package equivalent to a £4,000 subsidy on each vehicle.

The diesel and petrol versions of the CF cost £5,630 and £4,820 respectively.

However, Bedford points out, it is not that simple: the batteries have a projected four-year life, so they should be regarded as a fuel cost in the same manner as petrol or diesel. So, leaving aside the batteries and charger, the vehicle's price comes down to £5,485. Even then, various battery leasing schemes have been devised by Lucas and Chloride to get round the extra capital cost.

Viewed from this standpoint, say the manufacturers, the electric models are capable of offering whole-life costs equal to, or perhaps slightly less than, conventional vans; based even on a six-year life and 65,000-70,000 miles. Using cheap overnight electricity for charging, Bedford says, direct fuel cost for the electric vehicle, at current prices, is about 1.9p a mile, against 8p-10p for diesel or petrol variants.

Inevitably, the balance could swing sharply in the EV's *favour in the event of an unexpected* sharp increase in the oil price.

The 40kw/hour Lucas motor in the Bedford CF runs on 36 6-volt batteries connected in series to give a 216 volt 188 A/h system. The batteries, fitted into a plastic-coated steel pannier which has quick-release pins, can be recharged in 8-10 hours. A 12 volt auxiliary battery powers the vehicle's normal electrical equipment to conserve the power available for driving.

All the vehicles use "state of the art" lead acid batteries. Improvements to cell design have produced an increase of about 30 per cent in energy density — the amount of power a given battery can retain — over the past three or four years.

Prototypes

However, the elusive "super battery" which holds out the hope of multiplying performance by a factor of three or more, remains *some* years from commercial production. Chloride is working on such a battery using a sodium/sulphur combination; Lucas is using nickel/iron. But it will be five years at least before these are likely to appear in vehicles, and battery makers have been saying such batteries are "five years away" for nearly a decade.

While this year marks the first of any significant commercial production of electric vehicles — for which the UK industry can legitimately claim a world first — that is not to say that the vans now being marketed are not well tried. All the manufacturers have had various prototypes running around for some years. Bedford, for example, built nearly 100 pre-production vehicles which have undergone trials by users totalling 1m miles.

Among the longest-standing and biggest users are public utilities, not least electricity boards, which also have a vested interest — *as fuel sellers* — in seeing the market take off.

Benefits

The experience to date of Southern Electricity, which started its evaluation programme in 1977, does, however, provide some pointers to what commercial users might expect:

Southern Electricity has a fleet of 53 EVs—soon to be 73 —with an annual mileage approaching ½m. Over the period, it says it has benefited from:

Direct fuel costs cut by 80 per cent; repair and maintenance by 25 per cent; no excise duty; the exemption of EVs from the MoT test; no operator's licence being required; and life expectancy it now predicts at 35-40 per cent longer than a diesel equivalent. It has found utilisations (availability for work), at least as good as with conventional vehicles.

Among the less obvious benefits, it suggests, are fewer accidents arising from less-fatigued drivers because of the absence of vibration.

Ironically, the fact that the vehicles are so quiet, while being good for health and the environment, has produced a new safety hazard: many pedestrians seem to rely as much on their ears as their eyes to become aware of approaching traffic, so Southern Electricity has fitted warning bleepers and lights.

The extent to which the vehicles will continue to need the DTI's market entry subsidy is strictly a function of acceptability in the marketplace. If Mr *Savage's* forecasts are correct and the UK market climbs towards the 4,000 a year mark at the rate expected, the need for the subsidy should disappear by 1987.

The battery pack is located in a pannier under the van floor which allows the CF's full load space to be utilised. Like the electric-powered Sherpa, the CF can cruise at up to 50 miles an hour like a normal van. The batteries have a projected four-year life